ANNUAL BUDGET OF

UMSOBOMVU MUNICIPALITY

2015/16 TO 2017/18

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	Municipality Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Umsobomvu Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

1.2 Council Resolutions

On 31 March 2015 the Council of Umsobomvu Municipality Local Municipality met in the Council Chambers of Umsobomvu Municipality to consider the draft annual budget of the municipality for the financial year 2015/2016. The Council approved and adopted the following resolutions:

1. The Council of Umsobomvu Municipality Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

    1.1. The annual budget of the municipality for the financial year 2015/2016 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.

    1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
    - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
    - 1.2.4. Asset management as contained in Table 26 on page 36; and
    - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.

2. The Council of Umsobomvu Municipality Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2015
   2.1. the tariffs for property rates – as set out in Annexure B,
   2.2. the tariffs for electricity – as set out in Annexure B
   2.3. the tariffs for the supply of water – as set out in Annexure B
   2.4. the tariffs for sanitation services – as set out in Annexure B
   2.5. the tariffs for solid waste services – as set out in Annexure B

3. The Council of Umsobomvu Municipality Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2015 the tariffs for other services, as set out in Annexure G1 to G21 respectively.

4. To give proper effect to the municipality's annual budget, the Council of Umsobomvu Municipality Local Municipality approves:
   4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality of nearly R.393 million or 1.8 percent of the current financial year's adjusted budget. Key areas where savings were realized were on telephone and internet usage, printing, workshops, travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 74 and 75 were used to guide the compilation of the 2015/2016 MTREF.

The main challenges experienced during the compilation of the 2015/2016 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;

- The increased cost of bulk water and electricity (due to tariff increases Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2015/2016 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2015/2016 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/2016 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- An upper limit of R135 million was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
    - Special Projects;
    - Furniture and office equipment;
    - Refreshments and entertainment;
    - Ad-hoc travelling; and
    - Subsistence, Travelling & Conference fees (national & international).

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/2016 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2015/2016 MTREF

R Thousand	Adjustment Budget 2014/2015	Budget Year 2015/2016	Budget Year + 1 2016/2017	Budget Year + 2 2017/2018
Total operating Revenue	R 109,125	R 119,018	R 125,238	R 131,221
Total Operating Expenditure	R 130,553	R 135,300	R139,787	R147,448
(Surplus) Deficit	(R 21,428)	(R 16,282)	(R14,549)	(R 16,227)
Total Capital Expenditure	R 46,841	R 57,113	R 26,948	R 22,832

Total operating revenue has remained the same for the 2015/2016 financial year when compared to the 2014/15 Adjustments Budget mainly due to operational grants received for special projects that was received in the 2014/2015 financial year. For the two outer years, operational revenue will increase by 5.23 and 4.78 per cent respectively, equating to a total revenue growth of R22, 096 million over the MTREF when compared to the 2014/15 financial year.

Total operating expenditure for the 2015/2016 financial year has been appropriated at R135.300 million and translates into a budgeted deficit of R 16.282 million. When compared to the 2014/15 Adjustments Budget, operational expenditure has decreased by 3.64 per cent in the 2015/2016 budget and increased by 3.31 and 5.48 per cent for each of the respective outer years of the MTREF. The operating deficit for the two outer years increases to R14.549m in 2016/17 and then results in a deficit of R16.227m in 2017/18. These deficits are non-cash related and are due to the council providing for infrastructure impairment and depreciation.
The capital budget of R57.113 million for 2015/2016 is 21.93 per cent more when compared to the 2014/15 Adjustment Budget. The increase is a result of some projects being completed and some close to completion. The capital programme decreases to R26.948 million in the 2016/2017 financial year and then decreases by 15.27 per cent in 20117/18 to R 22.832 million. All capital over the MTREF will be financed by Grants from National and own revenue.

Note that the Municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has remained the same and will continue over the next five years due to new loans taken up in the past year, as a result of the need to replace specialised vehicles needed to meet the increased demand in services to be delivered. Consequently, the capital budget remains relatively flat over the medium-term.

1.4 Operating Revenue Framework

For Umsobomvu Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;

- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2015/2016 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue

Description	Current Year 2014-2015			2015/16 Medium Term Revenue & Expenditure Framework		2016/17 Medium Term Revenue & Expenditure Framework	2017/18 Medium Term Revenue & Expenditure Framework
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	% Increased/ (Decreased)	Budget Year 2016/17	Budget Year 2017/18
Revenue By Source							
Property rates	5 031	8 117	8 117	8 117	0%	8 604	9 120
Property rates - penalties & collection charges	169	179	179	179	0%	189	201
Service charges - electricity revenue	27 753	27 860	27 860	31 258	12%	33 530	35 662
Service charges - water revenue	9 931	12 385	12 385	13 549	9%	14 403	15 267
Service charges - sanitation revenue	7 418	7 792	7 792	8 524	9%	9 035	9 577
Service charges - refuse revenue	5 726	5 975	5 975	6 537	9%	6 929	7 344
Service charges - other	–						
Rental of facilities and equipment	396	1 042	1 042	1 103	6%	1 167	1 235
Interest earned - external investments	312	422	422	422	0%	422	422
Interest earned - outstanding debtors	1 427	1 672	1 672	1 843	10%	1 804	1 881
Dividends received	–						
Fines	1 575	2 019	2 019	2 521	25%	2 646	2 777
Licences and permits	710	714	714	757	6%	795	834
Agency services	–						
Transfers recognised - operational	36 664	36 664	36 664	39 919	9%	44 019	52 197
Other revenue	4 190	4 285	4 285	4 291	0%	4 695	4 701
Gains on disposal of PPE							
Total Revenue (excluding capital transfers and contributions)	**101 301**	**109 125**	**109 125**	**119 018**	9.07%	**128 238**	**141 221**

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than half of the total revenue mix. In the 2014/15 financial year, revenue from rates and services charges totalled R 62.308 million or 57.10 per cent. This increases to R68.164 million, R 72.690 million and R77.172 million in the respective financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 118).

Property rates revenue source from services totalling 13.03 per cent or R8.117 million rand in 2015/16. The smallest source is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R 39.919 million in the 2015/2016 financial year and steadily increases to R41.019 million by 2016/17. Note that the year-on-year increase for the 2015/2016 financial year is 8.88 per cent and then increases by 2.76 and 2.87 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 2 Operating Transfers and Grant

NC072 Umsobomvu - Supporting Table SA18 Transfers and grant receipts

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:									
Operating Transfers and Grants									
National Government:	**28,335**	**31,619**	**34,152**	**35,673**	**35,673**	**35,673**	**38,234**	**39,062**	**40,240**
Local Government Equitable Share	26,095	29,319	30,684	32,382	32,382	32,382	34,931	35,704	36,711
FINANCE MANAGEMENT	1,450	1,500	1,650	1,800	1,800	1,800	1,800	1,825	1,900
MSIG	790	800	890	934	934	934	940	957	1,033
MIG ADMIN - PMU	–		678	557	557	557	563	576	596
Energy Efficiency and Demand Management	–		250				–	–	–
	–								
Other transfers/grants [insert description]									
Provincial Government:	**522**	**715**	**708**	**991**	**991**	**991**	**1,685**	**1,957**	**1,957**
DEPT ART & CULTURE (LIBRARY)	522	715	708	991	991	991	1,685	1,957	1,957
YOUTH PROGRAMS	–								
IMMUNISATION GRANT	–								
Other transfers/grants [insert description]									
District Municipality:	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]									
Other grant providers:	**–**	**–**	**3,600**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]			3,600						
Total Operating Transfers and Grants	**28,857**	**32,334**	**38,460**	**36,664**	**36,664**	**36,664**	**39,919**	**41,019**	**42,197**
Capital Transfers and Grants									
National Government:	**45,492**	**51,921**	**47,473**	**43,091**	**50,832**	**50,832**	**55,563**	**26,948**	**22,832**
RBIG - DWAF	37,869	28,350	31,000	30,000	30,000	30,000	36,872	11,000	–
HOUSING PROJECTS	1,664	–	–		–	–	–	–	–
EEDG	59	5,000	–	–	–	–	7,000	3,000	10,000
MIG - CAPITAL	3,584	14,271	12,873	10,591	17,691	17,691	10,691	10,948	11,332
INEP	2,316	3,300	2,600	1,500	1,500	1,500	–	2,000	1,500
EPWP		1,000	1,000	1,000	1,641	1,641	1,000	–	–
Provincial Government:	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other capital transfers/grants [insert description]									
District Municipality:	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]									
Other grant providers:	**–**	**–**	**2,600**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]			2,600						
Total Capital Transfers and Grants	**45,492**	**51,921**	**50,073**	**43,091**	**50,832**	**50,832**	**55,563**	**26,948**	**22,832**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	**74,349**	**84,255**	**88,532**	**79,755**	**87,496**	**87,496**	**95,482**	**67,967**	**65,029**

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). ;
- 20 per cent rebate will be granted on all state owned properties
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
    - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;

- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
- The property must be categorized as residential.

- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/2016 financial year based on a 0 per cent increase from 1 July 2015 is contained below:

Table 5 Comparison of Proposed Rates

Category	Current Tariff (1 July 2014)	Proposed Tariff (From 1 July 2015)
Residential Properties	0.010879	0.010879
State Owned Properties	0.017541	0.017541
Business & Commercial	0.012869	0.012869
Agricultural	0.002720	0.002720

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

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A tariff increase of 6 per cent from 1 July 2015 for water is proposed. This is based on input cost of inputs increasing by 6 per cent and the commissioning of the extended water treatment works. In addition 6 kℓ water per 30-day period will again be granted at a subsidized price to all indigent residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

Category	Current Tariffs 2014/15 Rand per kl	Proposed Tariffs 2015/16 Rand per kl	Percentage Change
Residential			
(i) 0 to 6 kl per 30-day period	4.44	4.7	**6%**
(ii) 7 to 20 kl per 30-day period	5.36	5.68	**6%**
(iii) 21- 30kl per 20-day period	6.89	7.3	**6%**
(iv) 30+	9.09	9.64	**6%**
Non Residential			
(i) 0-60kl per 30-day period	6.52	6.91	**6%**
(ii) 61kl per 30-day period	8.76	9.28	**6%**

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 7 Comparison Between Current Water Charges and Increases (Domestic)

Monthly Consumption Kl	Current Amount Payable R	Proposed Amount Payable R	Difference (Increase) R	Percentage Change %
20	R 112.86	R 119.56	**R 6.70**	**6%**
30	R 188.26	R 199.45	**R 11.19**	**6%**
40	R 293.96	R 311.55	**R 17.59**	**6%**

The tariff structure of the 2015/2016 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R 9.64 per kilolitre for consumption in excess of 30kℓ per 30 day period.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. An 14.24 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2015.

Considering the Eskom increases, the consumer tariff had to be increased by 12.2 per cent to offset the additional bulk purchase cost from 1 July 2015. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period being subsidised through the equitable share.
The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 8 Comparison Between Current Electricity Charges And Increases (Domestic)

Monthly Consumption Kwh	Current Amount Payable R	Proposed Amount Payable R	Difference Increase R	Percentage Change %
100	R 94.80	R 106.36	**R 11.56**	**12.2%**
250	R 251.89	R 282.63	**R 30.74**	**12.2%**
500	R 570.48	R 640.08	**R 69.60**	**12.2%**
750	R 970.28	R 1,088.64	**R 118.36**	**12.2%**
1000	R 1,390.93	R 1,560.61	**R 169.68**	**12.2%**
2000	R 3,074.60	R 3,449.62	**R 375.02**	**12.2%**

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the Municipality already. Until the discussions are concluded, the Municipality will maintain the current stepped structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. . As part of the 2015/2016 and 2016/2017 medium-term capital programme, funding has been allocated to electricity infrastructure to decrease expenditure through alternative energy and consumption reducing equipment.

Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 2015 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI increase of 6 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the type of consumer and the level of service provided as indicated in the table below;
- Subsidised sanitation will be applicable to registered indigents; and
- The commissioning of the new sludge activated Waste water Treatment works compared to the previous oxidation pond system

The total revenue expected to be generated from rendering this service amounts to R8.524 million for the 2015/2016 financial year.

The following table compares the current and proposed tariffs:

Table 3 Comparison between current sanitation charges and increases

Table 9 Comparison Between Current Sanitation Charges And Increases

Description	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
		Budget Year 2014/15	Budget Year + 1 2015/16	Budget Year + 2 2016/17
Waste Water Tariffs				
Basic Charge/Fixed Fee (Rands/Month)	92.68	98.24	104.14	110.38
Service Point-Vacant Land (Rand/Month)	53.49	56.70	60.10	63.71
Conservancy Tank Household (1 Service per Month)	69.41	73.57	77.99	82.67
Conservancy Tank Household (Additional Service per Month) : Payable in Advance	73.58	77.99	82.67	87.63
Conservancy Tank Schools per Load	101.76	107.87	114.34	121.20
Conservancy Tank Businesses per Load With Minimum of 1 Load per Month	101.76	107.87	114.34	121.20
Night soil Removal (Per Bucket per Month)	50.48	53.51	56.72	60.12
Night Soil Rondawel (Per Bucket per Month)	35.60	37.74	40.00	42.40
Meatlands Industrial Effluent per Month		-	-	-
Meatlands Sewerage Same As Business Tariffs		-	-	-
Meatlands Dumping Charges Of Blood And Dung per Month	793.26	840.86	891.31	944.79
Sewerage Household/Colesberg High School/ per Month	92.68	98.24	104.14	110.38
Sewerage Prison per Point per Month	311.65	330.35	350.17	371.18
Sewerage Garages and State per Point per Month	187.56	198.81	210.74	223.39
Sewerage Hospital per Point per Month	333.48	353.49	374.70	397.18
Sewerage Business Normal	120.13	127.34	134.98	143.08
Sewerage Business With Minimum of 2 Points per Month	185.36	196.48	208.27	220.77
Sewerage Business Additional Connection	44.62	47.30	50.14	53.14
Sewerage Availability per Month	53.49	56.70	60.10	63.71
Meatlands per Sheep (Effluent)	0.76	0.81	0.85	0.91

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 10 Comparison Between Current Sanitation Charges and Increases, Single Dwelling Houses

Monthly Sanitation Level of Service	Current Amount Payable R	Proposed Amount Payable R	Difference (Increase) %
Domestic - Conservancy tanks	69.41	73.58	6%
Domestic - Connected	92.68	98.24	6%

1.4.4 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a small surplus. The main contributors to expenditure are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2015. Higher increases will not be viable in 2015/2016 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2014:

Table 11 Comparison Between Current Waste Removal Fees and Increases (Domestic)

	Current Tariffs 2014/2015		Proposed Tariffs 2015/2016		Difference (Increase) R	% Increase
	Waste Removal	Municipal Cleaning	Waste Removal	Municipal Cleaning		
Domestic- Monthly	64.9		R 68.79		R 3.89	6%
Additional Bin Per Month	22.11		23.44		R 1.33	6%
Business	93.45		99.05		R 5.60	6%
Garden Refuse Households	6.54		6.93		R 0.39	6%

1.4.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 7.4 and 7.6 per cent and 7.6 per cent for indigents.

NC072 Umsobomvu - Supporting Table SA14 Household bills

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
Rand/cent	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	605.08	623.24	659.54	608.58	608.58	608.58		608.58	639.01	670.96
Electricity: Basic levy	52.44	55.58	59.47	64.22	64.22	64.22	12.2%	72.05	80.70	90.38
Electricity: Consumption	946.50	1,075.97	1,156.67	1,237.89	1,237.89	1,237.89	12.2%	1,388.91	1,555.58	1,742.25
Water: Basic levy	52.67	55.30	59.72	63.61	63.61	63.61	6.0%	67.43	71.48	75.76
Water: Consumption	140.92	149.53	160.16	171.08	171.08	171.08	6.0%	181.35	192.23	203.76
Sanitation	72.30	75.92	85.03	92.68	92.68	92.68	6.0%	98.24	104.13	110.38
Refuse removal	55.01	57.76	61.23	64.90	64.90	64.90	6.0%	68.79	72.92	77.29
Other										
sub-total	**1,924.92**	**2,093.30**	**2,241.83**	**2,302.96**	**2,302.96**	**2,302.96**	**7.9%**	**2,485.35**	**2,716.04**	**2,970.79**
VAT on Services										
Total large household bill:	**1,924.92**	**2,093.30**	**2,241.83**	**2,302.96**	**2,302.96**	**2,302.96**	**7.9%**	**2,485.35**	**2,716.04**	**2,970.79**
% increase/-decrease		**8.7%**	**7.1%**	**2.7%**	**–**	**–**		**7.9%**	**9.3%**	**9.4%**
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	428.42	441.27	466.97	426.92	426.92	426.92		426.92	448.27	470.68
Electricity: Basic levy	49.94	55.58	59.47	64.22	64.22	64.22	12.2%	72.05	80.70	90.38
Electricity: Consumption	402.00	450.31	487.92	518.98	518.98	518.98	12.2%	582.30	652.18	730.44
Water: Basic levy	52.67	55.30	59.72	63.61	63.61	63.61	6.0%	67.43	71.48	75.76
Water: Consumption	112.67	118.78	127.82	136.63	136.63	136.63	6.0%	144.53	153.20	162.39
Sanitation	68.20	75.92	85.03	92.68	92.68	92.68	6.0%	98.24	104.13	110.38
Refuse removal	51.90	57.76	61.23	64.90	64.90	64.90	6.0%	68.79	72.92	77.29
Other										
sub-total	**1,165.80**	**1,254.92**	**1,348.16**	**1,367.94**	**1,367.94**	**1,367.94**	**6.7%**	**1,460.26**	**1,582.87**	**1,717.33**
VAT on Services										
Total small household bill:	**1,165.80**	**1,254.92**	**1,348.16**	**1,367.94**	**1,367.94**	**1,367.94**	**6.7%**	**1,460.26**	**1,582.87**	**1,717.33**
% increase/-decrease		**7.6%**	**7.4%**	**1.5%**	**–**	**–**		**6.7%**	**8.4%**	**8.5%**
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	251.75	259.30	274.41	245.25	245.25	245.25		245.25	257.51	270.39
Electricity: Basic levy		55.58	–	64.22	64.22	64.22	12.2%	72.05	80.70	90.38
Electricity: Consumption	201.00	287.11	243.96	331.48	331.48	331.48	12.2%	371.92	416.55	466.54
Water: Basic levy	52.67	55.30	59.72	63.61	63.61	63.61	6.0%	67.43	71.48	75.76
Water: Consumption	90.41	88.47	102.81	101.76	101.76	101.76	6.0%	107.87	114.34	121.20
Sanitation	72.30	75.92	85.03	92.68	92.68	92.68	6.0%	98.24	104.13	110.38
Refuse removal	55.01	57.76	61.23	64.90	64.90	64.90	6.0%	68.79	72.92	77.29
Other										
sub-total	**723.14**	**879.44**	**827.16**	**963.90**	**963.90**	**963.90**	**7.0%**	**1,031.55**	**1,117.63**	**1,211.95**
VAT on Services										
Total small household bill:	**723.14**	**879.44**	**827.16**	**963.90**	**963.90**	**963.90**	**7.0%**	**1,031.55**	**1,117.63**	**1,211.95**
% increase/-decrease		**21.6%**	**(5.9%)**	**16.5%**	**–**	**–**		**7.0%**	**8.3%**	**8.4%**

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/2016 budget and MTREF (classified per main type of operating expenditure):

Table 12 Summary of Operating Expenditure by Standard Classification Item

Expenditure by type	Current year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Full year Forecast	Budget year 2015/2016	% Increase (Decrease)	Budget year +1 2016/2017	Budget year +2 2017/2018
Employee Related Costs	39,056,526.63	39,084,059.63	39,084,059.63	40,627,602.00	3.95%	45,350,666.00	49,419,571.00
Remuneration of Councillors	2,944,519.00	2,944,519.00	2,944,519.00	3,091,745.00	5.00%	3,246,332.00	3,246,332.00
Debt Impaired	5,238,063.00	5,238,063.00	5,238,063.00	5,458,470.00	4.21%	5,805,932.00	6,170,890.00
Depreciation & Asset Impairment	23,834,140.00	23,834,140.00	23,834,140.00	23,843,783.00	0.04%	23,847,446.00	23,851,454.00
Finance Charges	296,000.00	360,000.00	360,000.00	310,000.00	-13.89%	290,000.00	290,000.00
Bulk Purchases	18,670,000.00	18,670,000.00	18,670,000.00	21,284,464.00	14.00%	22,962,421.00	24,774,615.00
Other Materials							
Contacted Services	4,562,362.00	-	-	-		-	-
Transfers and Grants	-	-	-	-		-	-
Other Expenditure	31,425,945.31	40,421,124.71	40,421,124.71	40,682,925.00	0.65%	38,282,696.00	39,693,935.00
Loss on Disposable PPE	1,228.00	1,228.00	1,228.00	1,228.00	0.00%	1,228.00	1,228.00
Total Expenditure	126,028,783.94	130,553,134.34	130,553,134.34	135,300,217.00	3.64%	139,786,721.00	147,448,025.00

The budgeted allocation for employee related costs for the 2015/2016 financial year totals R40.628 million, which equals 30.01 per cent of the total operating expenditure. In the absence of a collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 4.4 per cent for the 2015/2016 financial year. An annual increase of 5.3 per cent and 6 per cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2015/2016 financial year this amount equates to R5.458 million and escalates to R5.806 million by 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with

rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

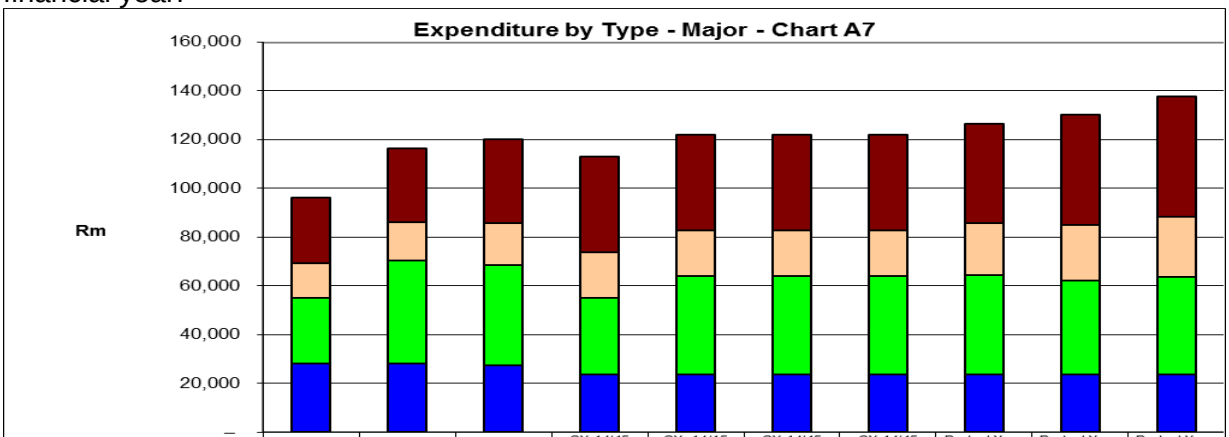
Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.23 per cent (R.310 million) of operating expenditure excluding annual redemption for 2015/2016. As previously noted, the Municipality has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it decreases to 0.21 and 0.20 per cent over the MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from DWAF. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. In the 2015/2016 it has increased by 0.14 per cent and increased by 9.42 and 0.13 per cent respectively in the outer years.

The following table gives a breakdown of the main expenditure categories for the 2015/2016 financial year.



	11/12 AUD	12/13 AUD	13/14 AUD	CY 14/15 BUD	CY 14/15 ADJ	CY 14/15 FCST	CY 14/15 ACT	Budget Year 15/16	Budget Year +1 16/17	Budget Year +2 17/18
Employee related costs	27,209	30,143	34,610	39,057	39,084	39,084	39,084	40,628	45,351	49,420
Bulk purchases	14,101	15,756	17,310	18,670	18,670	18,670	18,670	21,284	22,962	24,775
Other expenditure	27,035	42,439	40,843	31,426	40,421	40,421	40,421	40,683	38,283	39,694
Depreciation & asset impairment	28,039	28,037	27,588	23,834	23,834	23,834	23,834	23,844	23,847	23,851

Figure 1 Main operational expenditure categories for the 2014/2015 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2015/2016 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2015/2016 MTREF operational repairs and maintenance was decreased owing to the fact that some of the Municipality's infrastructure has been upgraded and some vehicles are still new. To this end, repairs and maintenance was substantially increased by 11.37 per cent in the 2015/2016 financial year, from R3.678 million to R3.260 million. The total allocation for 2015/2016 equates to R3.260 million, a decrease of 11.37 per cent in relation to the Adjustment Budget and continues to decrease at 5.28 and increases by 0.23 per cent over the MTREF respectively. In relation to the total operating expenditure, repairs and maintenance comprises of 2.41, 2.21 and 2.10 per cent for the respective financial years of the MTREF. This is mainly due to bulk electricity purchases that continually exceed growth in other expenditure items.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 4 Repairs and maintenance per asset class

NC072 Umsobomvu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	**1,472**	**1,181**	**1,141**	**1,034**	**1,613**	**1,613**	**1,831**	**1,687**	**1,689**
Infrastructure - Road transport	524	230	10	26	300	300	370	300	300
Roads, Pavements & Bridges	524	230	10	26	300	300	370	300	300
Storm water	–	–		–	–	–			
Infrastructure - Electricity	522	601	541	621	726	726	811	766	746
Generation	–	–	–		–	–			
Transmission & Reticulation	443	421	361	421	526	526	591	546	526
Street Lighting	79	180	180	200	200	200	220	220	220
Infrastructure - Water	425	300	500	337	337	337	350	371	393
Dams & Reservoirs	–	–	–	–	–	–			
Water purification	–	–	–	–	–	–			
Reticulation	425	300	500	337	337	337	350	371	393
Infrastructure - Sanitation	–	50	90	50	250	250	300	250	250
Reticulation	–	–	–	–	–	–			
Sewerage purification	–	50	90	50	250	250	300	250	250
Infrastructure - Other	–	–	–	–	–	–	–	–	–
Waste Management									
Transportation									
Gas									
Other									
Community	**3**	**25**	**95**	**5**	**5**	**5**	**10**	**5**	**5**
Parks & gardens	3	5	15	5	5	5	10	5	5
Sportsfields & stadia	–	–	–	–	–	–			
Swimming pools	–	–	–	–	–	–			
Community halls	–	–	–	–	–	–			
Libraries	–	–	–	–	–	–			
Recreational facilities	–	–	–	–	–	–			
Fire, safety & emergency	–	20	80	–	–	–			
Security and policing	–	–	–	–	–	–			
Buses	–	–	–	–	–	–			
Clinics	–	–	–	–	–	–			
Museums & Art Galleries	–	–	–	–	–	–			
Cemeteries	–	–	–	–	–	–			
Social rental housing	–	–	–	–	–	–			
Other	–	–	–	–	–	–			
Heritage assets	–	–	–	–	–	–	–	–	–
Buildings									
Other									
Investment properties	–	–	–	–	–	–	–	–	–
Housing development									
Other									
Other assets	**933**	**902**	**931**	**1,236**	**2,060**	**2,060**	**1,419**	**1,396**	**1,401**
General vehicles	541	583	641	817	978	978	909	883	883
Specialised vehicles	–	–	–	–	–	–	–	–	–
Plant & equipment	158	129	242	353	270	270	298	360	365
Computers - hardware/equipment	–	–	–	–	–	–			
Furniture and other office equipment	14	45	45	59	56	56	44	44	44
Abattoirs	–	–	–	–	–	–			
Markets	–	–	–	–	–	–			
Civic Land and Buildings	–	–	–	–	753	753	165	105	105
Other Buildings	206	139	–	–	–	–			
Other Land	14	8	3	8	3	3	3	3	3
Surplus Assets - (Investment or Inventory)	–	–			–	–			
Other	–	–			–	–			
Agricultural assets	–	–	–	–	–	–	–	–	–
List sub-class									
Biological assets	–	–	–	–	–	–	–	–	–
List sub-class									
Intangibles	–	–	–	–	–	–	–	–	–
Computers - software & programming									
Other *(list sub-class)*									
Total Repairs and Maintenance Expenditure	**2,408**	**2,108**	**2,167**	**2,275**	**3,678**	**3,678**	**3,260**	**3,088**	**3,095**
Specialised vehicles	–	–	–	–	–	–	–	–	–
Refuse									
Fire									
Conservancy									
Ambulances									
R&M as a % of PPE	*0.5%*	*0.4%*	*0.4%*	*0.4%*	*0.6%*	*0.6%*	*0.5%*	*0.5%*	*0.5%*
R&M as % Operating Expenditure	*2.3%*	*1.6%*	*1.7%*	*1.8%*	*2.8%*	*2.8%*	*2.4%*	*2.2%*	*2.1%*

For the 2015/2016 financial year, 55.82 per cent or R1.831 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 44.29 per cent (R.811million), followed by water infrastructure at 32.28 per cent (R.591 million), roads at 20.21 per cent (R.370 million) and roads at 19.12 per cent (R.350 million). Community assets have been allocated R.010 million of total repairs and maintenance.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 3782 or more indigent households during the 2014/2015 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 5 2011/12 Medium-term capital budget per vote

NC072 Umsobomvu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote									
Multi-year expenditure *to be appropriated*									
Vote 1 - EXECUTIVE & COUNCIL	–	–	–	–	–	–	–	–	–
Vote 2 - FINANCE & ADMIN	–	–	–	–	–	–	–	–	–
Vote 3 - COMMUNITY SERVICES	–	–	–	–	–	–	–	–	–
Vote 4 - TECHNICAL SERVICES	–	30,050	–	63,367	28,750	28,750	31,500	35,000	–
Capital multi-year expenditure sub-total	**–**	**30,050**	**–**	**63,367**	**28,750**	**28,750**	**31,500**	**35,000**	**–**
Single-year expenditure *to be appropriated*									
Vote 1 - EXECUTIVE & COUNCIL	–	476	23	–	–	–	–	–	–
Vote 2 - FINANCE & ADMIN	–	482	83	1,550	–	–	1,550	–	–
Vote 3 - COMMUNITY SERVICES	23	218	1,712	–	153	153	–	–	–
Vote 4 - TECHNICAL SERVICES	27,316	13,733	42,630	6,100	27,889	27,889	7,500	10,000	32,000
Capital single-year expenditure sub-total	**27,339**	**14,910**	**44,448**	**7,650**	**28,042**	**28,042**	**9,050**	**10,000**	**32,000**
Total Capital Expenditure - Vote	**27,339**	**44,960**	**44,448**	**71,017**	**56,792**	**56,792**	**40,550**	**45,000**	**32,000**
Capital Expenditure - Standard									
Governance and administration	**4**	**685**	**106**	**1,550**	**–**	**–**	**1,550**	**–**	**–**
Executive and council		477	23	–					
Budget and treasury office	4	198	31	1,550	–		1,550		
Corporate services		10	52	–					
Community and public safety	**23**	**365**	**–**	**–**	**153**	**153**	**–**	**–**	**–**
Community and social services		365		–	153	153			
Sport and recreation				–					
Public safety	23			–					
Housing				–					
Health				–					
Economic and environmental services	**–**	**55**	**393**	**4,500**	**8,729**	**8,729**	**6,000**	**5,000**	**–**
Planning and development				–					
Road transport		55	393	4,500	8,729	8,729	6,000	5,000	–
Environmental protection				–					
Trading services	**27,313**	**43,855**	**43,949**	**64,967**	**47,911**	**47,911**	**33,000**	**40,000**	**32,000**
Electricity	1,836	2,398	3,125	7,100	3,353	3,353	1,500	5,000	3,000
Water	63	27,806	28,870	57,867	43,058	43,058	31,500	35,000	29,000
Waste water management	25,414	13,433	10,242		1,500	1,500			
Waste management		218	1,712						
Other	**–**	**–**		**–**					
Total Capital Expenditure - Standard	**27,339**	**44,960**	**44,448**	**71,017**	**56,792**	**56,792**	**40,550**	**45,000**	**32,000**
Funded by:									
National Government	27,313	365	37,309	54,973	47,725	47,725	39,000	45,000	32,000
Provincial Government			49	3,500					
District Municipality	–	–		–					
Other transfers and grants		43,637							
Transfers recognised - capital	**27,313**	**44,002**	**37,358**	**58,473**	**47,725**	**47,725**	**39,000**	**45,000**	**32,000**
Public contributions & donations			3,125		5,100	5,100			
Borrowing			3,847		629	629			
Internally generated funds	26	958	118	12,544	3,339	3,339	1,550	–	–
Total Capital Funding	**27,339**	**44,960**	**44,448**	**71,017**	**56,792**	**56,792**	**40,550**	**45,000**	**32,000**

For 2015/2016 an amount of R 57.113 million has been appropriated for the development of infrastructure which represents 100 per cent of the total capital budget. In the outer years this amount totals R26.948 million, 100 per cent and R22.832 million, 100 per cent respectively for each of the financial years. Water services receives the highest allocation of R 47.563 million in 2015/2016 which equates to 83.28 per cent followed by electricity services at 12.26 per cent, R7 million.

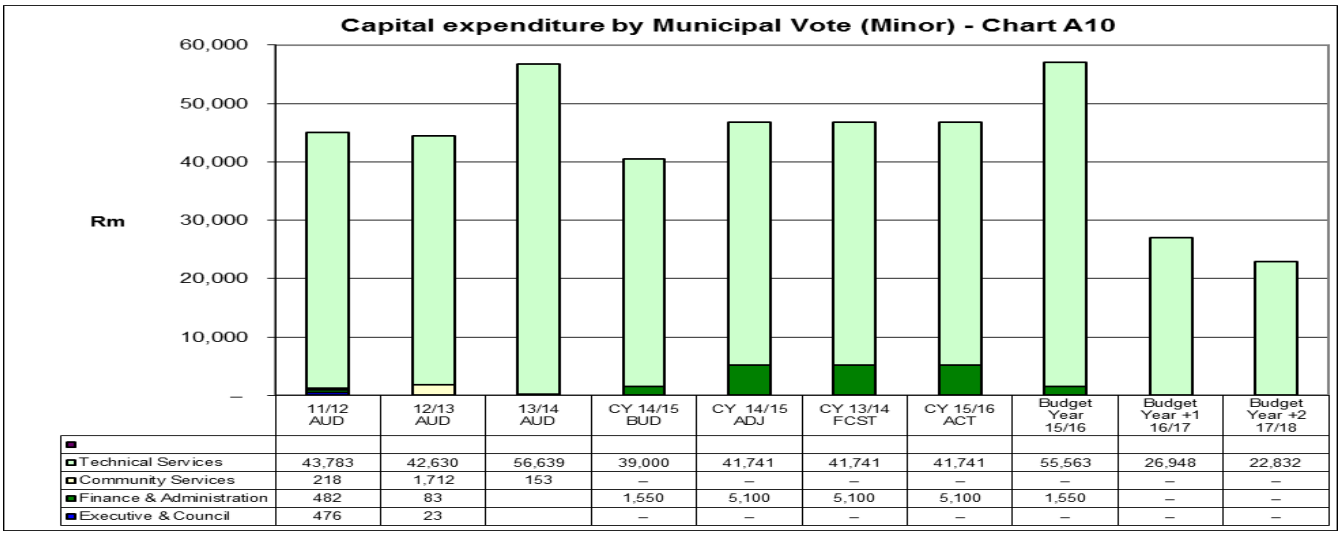
Total new assets represent 100 per cent or R 57.113 million of the total capital budgets. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR

A9 (Asset Management) on page 46 and 47. In addition to the MBRR Table A9, MBRR Tables SA34a and SA34c provides a detailed breakdown of the capital programme relating to new asset construction as well as operational repairs and maintenance by asset class (refer to pages 109, 110 and 111). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Electricity for all (retrofitting of street lights) – R7 million;
- Bulk supply and backlog eradication of water – R36.872 million;
- Norvalspont internal sewerage network – R10.691
- Block paving of streets – R1 million;

Furthermore pages 112 to 114 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.



	11/12 AUD	12/13 AUD	13/14 AUD	CY 14/15 BUD	CY 14/15 ADJ	CY 13/14 FCST	CY 15/16 ACT	Budget Year 15/16	Budget Year +1 16/17	Budget Year +2 17/18
Technical Services	43,783	42,630	56,639	39,000	41,741	41,741	41,741	55,563	26,948	22,832
Community Services	218	1,712	153	–	–	–	–	–	–	–
Finance & Administration	482	83		1,550	5,100	5,100	5,100	1,550	–	–
Executive & Council	476	23		–	–	–	–	–	–	–

Figure 2 Capital Infrastructure Programme

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in the MTREF expenditure. This concomitant operational expenditure is expected to escalate to R2 million by 2016/17 and to R1.500 million by 2017/18. It needs to be noted that as part of the 2015/16 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's

2015/2016 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 6 MBRR Table A1 - Budget Summary

NC072 Umsobomvu - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Financial Performance									
Property rates	**4,431**	4,900	4,905	5,199	8,295	8,295	8,295	8,793	9,321
Service charges	35,053	40,963	47,295	50,828	54,011	54,011	59,868	63,897	67,851
Investment revenue	419	914	512	312	422	422	422	422	422
Transfers recognised - operational	28,857	45,252	39,930	36,664	36,664	36,664	39,919	41,019	42,197
Other own revenue	14,558	14,159	8,165	8,297	9,732	9,732	10,514	11,107	11,430
Total Revenue (excluding capital transfers and contributions)	83,318	106,189	100,806	101,301	109,125	109,125	119,018	125,238	131,221
Employee costs	27,209	30,143	34,610	39,057	39,084	39,084	40,628	45,351	49,420
Remuneration of councillors	2,413	2,488	3,039	2,945	2,945	2,945	3,092	3,246	3,246
Depreciation & asset impairment	28,039	28,037	27,588	23,834	23,834	23,834	23,844	23,847	23,851
Finance charges	127	127	342	296	360	360	310	290	290
Materials and bulk purchases	14,101	15,756	17,310	18,670	18,670	18,670	21,284	22,962	24,775
Transfers and grants	–	–	–	–	–	–	–	–	–
Other expenditure	33,053	51,909	46,365	41,228	45,660	45,660	46,143	44,090	45,866
Total Expenditure	104,942	128,458	129,254	126,029	130,553	130,553	135,300	139,787	147,448
Surplus/(Deficit)	(21,624)	(22,270)	(28,448)	(24,728)	(21,428)	(21,428)	(16,282)	(14,549)	(16,227)
Transfers recognised - capital	46,378	40,621	64,585	43,091	50,832	50,832	55,563	26,948	22,832
Contributions recognised - capital & contributed a	–	28,037	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	24,754	46,388	36,137	18,363	29,404	29,404	39,281	12,399	6,605
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	24,754	46,388	36,137	18,363	29,404	29,404	39,281	12,399	6,605
Capital expenditure & funds sources									
Capital expenditure	**44,960**	44,448	56,792	40,550	46,841	46,841	57,113	26,948	22,832
Transfers recognised - capital	**44,002**	37,358	47,725	39,000	46,741	46,741	55,563	26,948	22,832
Public contributions & donations	**–**	3,125	5,100	–	–	–	–	–	–
Borrowing	**–**	3,847	629	–	–	–	–	–	–
Internally generated funds	**958**	118	3,339	1,550	100	100	1,550	–	–
Total sources of capital funds	**44,960**	44,448	56,792	40,550	46,841	46,841	57,113	26,948	22,832
Financial position									
Total current assets	**56,668**	68,898	57,409	68,499	68,499	68,499	54,737	44,392	40,000
Total non current assets	**467,924**	482,742	504,023	602,823	601,273	601,273	597,522	604,122	611,655
Total current liabilities	**43,696**	43,985	33,212	800	800	800	800	800	800
Total non current liabilities	**20,424**	31,252	26,209	36,893	36,893	36,893	22,453	16,477	11,257
Community wealth/Equity	**460,472**	476,403	502,011	633,628	632,078	632,078	629,006	631,237	639,598
Cash flows									
Net cash from (used) operating	**76,774**	42,846	75,956	52,182	42,204	42,204	83,866	59,630	56,663
Net cash from (used) investing	**(44,954)**	(44,448)	(61,793)	(47,898)	(47,898)	(47,898)	(50,007)	(24,253)	(20,548)
Net cash from (used) financing	**(1,331)**	4,018	(452)	(728)	(608)	(608)	(670)	(655)	(640)
Cash/cash equivalents at the year end	**31,995**	34,410	39,308	19,168	9,310	9,310	42,500	77,222	112,697
Cash backing/surplus reconciliation									
Cash and investments available	**31,995**	34,410	19,947	39,524	39,524	39,524	26,040	16,300	12,000
Application of cash and investments	**5,984**	17,149	(2,432)	(26,793)	(21,823)	(21,823)	(44,287)	(43,321)	(43,225)
Balance - surplus (shortfall)	**26,011**	17,261	22,378	66,317	61,347	61,347	70,327	59,621	55,225
Asset management									
Asset register summary (WDV)	**156,870**	46,254	548,349	602,823	601,273	601,273	598,522	605,122	1,655
Depreciation & asset impairment	**28,039**	28,037	27,588	23,834	23,834	23,834	23,844	23,847	23,851
Renewal of Existing Assets	**–**	5,000	–	–	–	–	–	–	–
Repairs and Maintenance	**2,408**	2,108	2,167	2,275	3,678	3,678	3,260	3,088	3,095
Free services									
Cost of Free Basic Services provided	**710**	7,783	8,329	8,967	8,967	8,967	8,967	9,537	10,107
Revenue cost of free services provided	**1,365**	810	859	910	910	910	910	965	965
Households below minimum service level									
Water:	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	1	0	0	0	0	0	0	0	0
Energy:	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
    a. The operating surplus (after Total Expenditure) is positive over the MTREF
    b. Capital expenditure is balanced by capital funding sources, of which
        i. Transfers recognised is reflected on the Financial Performance Budget;
        ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
        iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2017/18 the water backlog will have been eliminated.

Table 7 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NC072 Umsobomvu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard									
Governance and administration	**34,554**	**40,294**	**42,759**	**44,747**	**48,044**	**48,044**	**50,600**	**52,312**	**53,999**
Executive and council	26,095	29,319	30,684	32,382	32,382	32,382	34,931	35,704	36,711
Budget and treasury office	7,726	10,458	12,057	12,345	15,643	15,643	15,649	16,587	17,265
Corporate services	733	517	18	19	19	19	20	21	23
Community and public safety	**9,433**	**2,624**	**6,882**	**3,697**	**9,784**	**9,784**	**6,087**	**6,590**	**6,834**
Community and social services	548	741	4,708	1,414	7,073	7,073	2,834	3,174	3,247
Sport and recreation	–	5	–	–	–	–	–	–	–
Public safety	5,804	1,878	2,174	2,283	2,710	2,710	3,253	3,416	3,587
Housing	3,081	1	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–
Economic and environmental services	**37**	**742**	**6,160**	**1,060**	**1,701**	**1,701**	**1,060**	**60**	**60**
Planning and development	37	(0)	–	–	–	–	–	–	–
Road transport	–	743	6,160	1,060	1,701	1,701	1,060	60	60
Environmental protection	–	–	–	–	–	–	–	–	–
Trading services	**85,672**	**103,150**	**109,590**	**94,888**	**100,428**	**100,428**	**116,834**	**93,223**	**93,159**
Electricity	19,933	36,776	33,840	29,831	29,957	29,957	38,927	39,244	47,925
Water	38,559	45,269	62,922	51,499	56,283	56,283	62,386	37,527	27,795
Waste water management	22,517	15,933	7,166	7,662	8,036	8,036	8,791	9,319	9,878
Waste management	4,663	5,173	5,662	5,896	6,152	6,152	6,730	7,134	7,562
Other	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Revenue - Standard	**129,696**	**146,810**	**165,391**	**144,391**	**159,957**	**159,957**	**174,581**	**152,186**	**154,053**
Expenditure - Standard									
Governance and administration	**33,969**	**32,197**	**41,766**	**44,488**	**45,086**	**45,086**	**46,360**	**45,670**	**48,334**
Executive and council	14,124	17,212	20,619	19,628	20,025	20,025	20,571	21,718	22,787
Budget and treasury office	15,827	10,848	15,871	19,315	19,336	19,336	20,270	18,083	19,190
Corporate services	4,019	4,138	5,275	5,544	5,725	5,725	5,519	5,868	6,357
Community and public safety	**14,000**	**6,496**	**11,527**	**8,864**	**10,579**	**10,579**	**13,414**	**14,086**	**15,006**
Community and social services	6,549	2,229	7,653	4,543	5,185	5,185	5,872	6,498	6,890
Sport and recreation	–	1,240	1,219	1,338	1,299	1,299	2,745	2,975	3,243
Public safety	5,374	2,572	2,186	2,511	3,613	3,613	4,135	3,914	4,134
Housing	2,077	455	469	473	482	482	661	698	738
Health	–	–	–	–	–	–	–	–	–
Economic and environmental services	**11,294**	**16,119**	**10,644**	**11,111**	**11,457**	**11,457**	**11,080**	**12,214**	**12,802**
Planning and development	11,294	47	–	–	–	–	–	–	–
Road transport	–	16,072	10,644	11,111	11,457	11,457	11,080	12,214	12,802
Environmental protection	–	–	–	–	–	–	–	–	–
Trading services	**45,679**	**73,646**	**65,318**	**61,566**	**63,431**	**63,431**	**64,446**	**67,817**	**71,306**
Electricity	18,043	32,562	27,935	24,705	25,619	25,619	27,466	29,311	31,338
Water	19,564	22,844	23,483	21,289	21,950	21,950	22,094	22,693	23,361
Waste water management	4,460	6,386	7,954	9,236	9,550	9,550	9,814	10,519	11,044
Waste management	3,611	11,854	5,947	6,336	6,312	6,312	5,073	5,295	5,563
Other	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Expenditure - Standard	**104,942**	**128,458**	**129,254**	**126,029**	**130,553**	**130,553**	**135,300**	**139,787**	**147,448**
Surplus/(Deficit) for the year	**24,754**	**18,352**	**36,137**	**18,363**	**29,404**	**29,404**	**39,281**	**12,399**	**6,605**

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 4 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water, Waste water and the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 8 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC072 Umsobomvu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote									
Vote 1 - EXECUTIVE & COUNCIL	26,095	29,319	30,684	32,382	32,382	32,382	34,931	35,704	36,711
Vote 2 - FINANCE & ADMIN	8,459	10,975	12,451	12,763	21,719	21,719	16,790	17,796	18,548
Vote 3 - COMMUNITY SERVICES	14,095	7,796	12,168	9,194	9,878	9,878	11,696	12,536	13,136
Vote 4 - TECHNICAL SERVICES	81,046	98,720	110,088	90,052	95,978	95,978	111,164	86,149	85,658
Vote 5 - [NAME OF VOTE 5]	–	–	–	–	–	–	–	–	–
Vote 6 - [NAME OF VOTE 6]	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–	–	–
Total Revenue by Vote	**129,696**	**146,810**	**165,391**	**144,391**	**159,957**	**159,957**	**174,581**	**152,186**	**154,053**
Expenditure by Vote ***to be appropriated***									
Vote 1 - EXECUTIVE & COUNCIL	14,124	17,212	20,619	19,628	20,025	20,025	20,571	21,718	22,787
Vote 2 - FINANCE & ADMIN	19,442	14,986	22,691	26,487	27,361	27,361	27,829	26,152	27,920
Vote 3 - COMMUNITY SERVICES	17,943	18,397	15,929	13,573	14,591	14,591	16,447	17,180	18,196
Vote 4 - TECHNICAL SERVICES	53,433	77,864	70,015	66,341	68,576	68,576	70,454	74,736	78,545
Vote 5 - [NAME OF VOTE 5]	–	–	–	–	–	–	–	–	–
Vote 6 - [NAME OF VOTE 6]	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	**104,942**	**128,458**	**129,254**	**126,029**	**130,553**	**130,553**	**135,300**	**139,787**	**147,448**
Surplus/(Deficit) for the year	**24,754**	**18,352**	**36,137**	**18,363**	**29,404**	**29,404**	**39,281**	**12,399**	**6,605**

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 9 Surplus/(Deficit) calculations for the trading services

VOTE DESCRIPTION	2011/12	2012/13	2013/14	Current Year 2014/15			20115/16 Medium Term Revenue & Expenditure		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ELECTRICITY - Revenue	19,933	36,776	33,840	29,831	29,957	29,957	38,927	39,244	47,925
ELECTRICITY - Expenditure	18,043	32,562	27,935	24,705	25,619	25,619	27,466	29,311	31,338
	1,890	4,214	5,905	5,126	4,338	4,338	11,461	9,933	16,587
% Surplus (Deficit)	9.48%	11.46%	17.45%	17.18%	14.48%	14.48%	29.44%	25.31%	34.61%
WATER - Revenue	38,559	45,269	62,922	51,499	56,283	56,283	62,386	37,527	27,795
WATER - Expenditure	19,564	22,844	23,483	21,289	21,950	21,950	22,094	22,693	23,361
	18,995	22,425	39,439	30,210	34,333	34,333	40,292	14,834	4,434
% Surplus (Deficit)	49.26%	49.54%	62.68%	58.66%	61.00%	61.00%	64.59%	39.53%	15.95%

2. Although there is a 0.42 per cent increase from the 2014/2015 adjustment due to more efficient billing the electricity trading surplus is is increasing in 2015/16 from 14.48 per cent to 29.44 per cent and it is decreasing in 2015/16 from 29.44 per cent or R11.461 million in 2015/16 to 25.31 per cent by 2016/17. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
3. The surplus on the water account increases from 61 per cent in 2014/15 to 64.59 per cent in 2015/16 and is decreasing over the two outer years to 39.53 per cent and 15.95 per cent respectively.

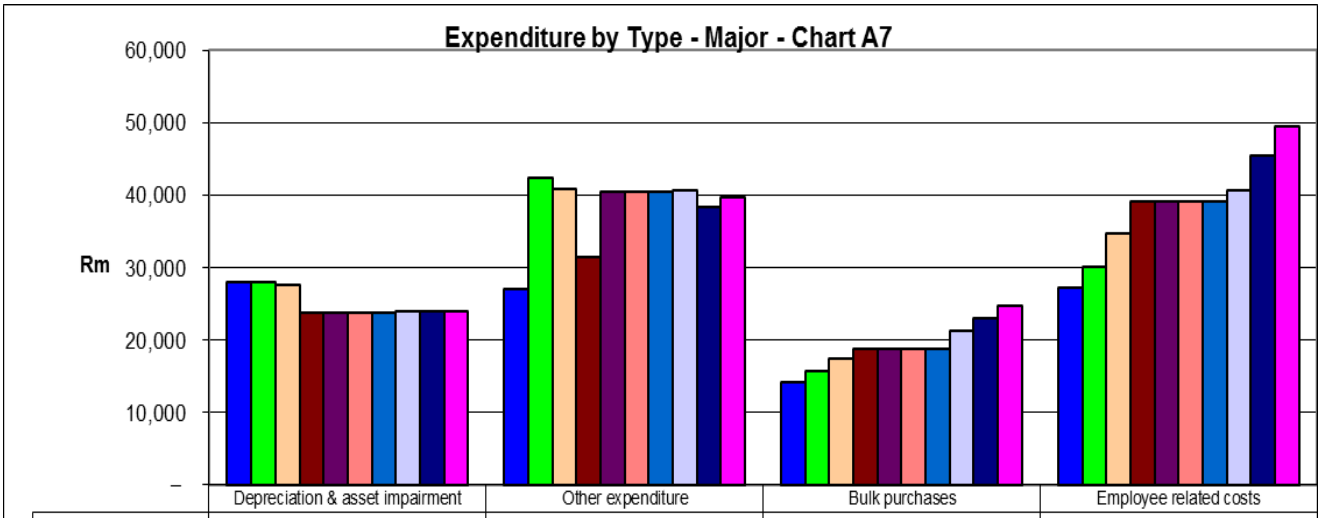
4. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services*.

Table 10 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC072 Umsobomvu - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source									
Property rates	4,146	4,735	4,746	5,031	8,117	8,117	8,117	8,604	9,120
Property rates - penalties & collection charges	285	165	159	169	179	179	179	189	201
Service charges - electricity revenue	16,680	20,205	25,758	27,753	27,860	27,860	31,258	33,530	35,662
Service charges - water revenue	8,117	9,686	9,180	9,931	12,385	12,385	13,549	14,403	15,267
Service charges - sanitation revenue	5,506	6,143	6,935	7,418	7,792	7,792	8,524	9,035	9,577
Service charges - refuse revenue	4,478	4,934	5,422	5,726	5,975	5,975	6,537	6,929	7,344
Service charges - other	270	(4)	–	–					
Rental of facilities and equipment	379	413	375	396	1,042	1,042	1,103	1,167	1,235
Interest earned - external investments	419	914	512	312	422	422	422	422	422
Interest earned - outstanding debtors	1,431	1,813	1,325	1,427	1,672	1,672	1,843	1,804	1,881
Dividends received	–	–	–	–					
Fines	5,365	1,392	1,500	1,575	2,019	2,019	2,521	2,646	2,777
Licences and permits	435	473	593	710	714	714	757	795	834
Agency services	–	–	84	–					
Transfers recognised - operational	28,857	45,252	39,930	36,664	36,664	36,664	39,919	41,019	42,197
Other revenue	6,948	10,067	4,289	4,190	4,285	4,285	4,291	4,695	4,701
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)	**83,318**	**106,189**	**100,806**	**101,301**	**109,125**	**109,125**	**119,018**	**125,238**	**131,221**
Expenditure By Type									
Employee related costs	27,209	30,143	34,610	39,057	39,084	39,084	40,628	45,351	49,420
Remuneration of councillors	2,413	2,488	3,039	2,945	2,945	2,945	3,092	3,246	3,246
Debt impairment	2,021	6,907	4,849	5,238	5,238	5,238	5,458	5,806	6,171
Depreciation & asset impairment	28,039	28,037	27,588	23,834	23,834	23,834	23,844	23,847	23,851
Finance charges	127	127	342	296	360	360	310	290	290
Bulk purchases	14,101	15,756	17,310	18,670	18,670	18,670	21,284	22,962	24,775
Other materials			–						
Contracted services	3,590	2,485	672	4,562	–	–	–	–	–
Transfers and grants	–	–	–	–	–	–	–	–	–
Other expenditure	27,035	42,439	40,843	31,426	40,421	40,421	40,683	38,283	39,694
Loss on disposal of PPE	407	78	1	1	1	1	1	1	1
Total Expenditure	**104,942**	**128,458**	**129,254**	**126,029**	**130,553**	**130,553**	**135,300**	**139,787**	**147,448**
Surplus/(Deficit)	**(21,624)**	**(22,270)**	**(28,448)**	**(24,728)**	**(21,428)**	**(21,428)**	**(16,282)**	**(14,549)**	**(16,227)**
Transfers recognised - capital	46,378	40,621	64,585	43,091	50,832	50,832	55,563	26,948	22,832
Contributions recognised - capital	–	28,037	–	–	–	–	–	–	–
Contributed assets									
Surplus/(Deficit) after capital transfers & contributions	**24,754**	**46,388**	**36,137**	**18,363**	**29,404**	**29,404**	**39,281**	**12,399**	**6,605**
Taxation									
Surplus/(Deficit) after taxation	**24,754**	**46,388**	**36,137**	**18,363**	**29,404**	**29,404**	**39,281**	**12,399**	**6,605**
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	**24,754**	**46,388**	**36,137**	**18,363**	**29,404**	**29,404**	**39,281**	**12,399**	**6,605**
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	**24,754**	**46,388**	**36,137**	**18,363**	**29,404**	**29,404**	**39,281**	**12,399**	**6,605**

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R119.018 million in 2015/16 and escalates to R125.238 million by 2016/17. This represents a year-on-year an increase of just 9.07 per cent for the 2015/2016 financial year and 5.23 per cent increase for the 2016/17 financial year.
2. Revenue to be generated from property rates is R 8.117 million in the 2015/16 financial year and remains the same by 2016/1 as the property rates tariff won't be increase due to the huge increase in property values in the 2014/15 financial year. This constitute 6.82 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent and 6 per cent for each of the respective outer years of the MTREF, while remaining the same for the 2015/2016.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 59.866 million for the 2015/2016 financial year and increasing to R63.897 million by 2016/17. For the 2015/16 financial year services charges amount to 50.29 per cent of the total revenue base and grows by 0.73 per cent over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 2.76 per cent and 2.87 per cent for the two outer years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
5. The following graph illustrates the major expenditure items per type.



	Depreciation & asset impairment	Other expenditure	Bulk purchases	Employee related costs
11/12 AUD	28,039	27,035	14,101	27,209
12/13 AUD	28,037	42,439	15,756	30,143
13/14 AUD	27,588	40,843	17,310	34,610
CY 14/15 BUD	23,834	31,426	18,670	39,057
CY 14/15 ADJ	23,834	40,421	18,670	39,084
CY 14/15 FCST	23,834	40,421	18,670	39,084
CY 14/15 ACT	23,834	40,421	18,670	39,084
Budget Year 15/16	23,844	40,683	21,284	40,628
Budget Year +1 16/17	23,847	38,283	22,962	45,351
Budget Year +2 17/18	23,851	39,694	24,775	49,420

Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2011/2012 to 2017/18 period escalating from R14.101 million to R24.775 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from DWAF.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 11 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

NC072 Umsobomvu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote									
Multi-year expenditure *to be appropriated*									
Vote 1 - EXECUTIVE & COUNCIL	–	–	–	–	–	–	–	–	–
Vote 2 - FINANCE & ADMIN	–	–	–	–	5,000	5,000	–	–	–
Vote 3 - COMMUNITY SERVICES	–	–	–	–	–	–	–	–	–
Vote 4 - TECHNICAL SERVICES	30,050	–	28,750	31,500	33,600	33,600	47,563	21,948	11,332
Vote 5 - [NAME OF VOTE 5]	–	–	–	–	–	–	–	–	–
Vote 6 - [NAME OF VOTE 6]	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	**30,050**	**–**	**28,750**	**31,500**	**38,600**	**38,600**	**47,563**	**21,948**	**11,332**
Single-year expenditure *to be appropriated*									
Vote 1 - EXECUTIVE & COUNCIL	476	23	–	–	–	–	–	–	–
Vote 2 - FINANCE & ADMIN	482	83	–	1,550	100	100	1,550	–	–
Vote 3 - COMMUNITY SERVICES	218	1,712	153	–	–	–	–	–	–
Vote 4 - TECHNICAL SERVICES	13,733	42,630	27,889	7,500	8,141	8,141	8,000	5,000	11,500
Vote 5 - [NAME OF VOTE 5]	–	–	–	–	–	–	–	–	–
Vote 6 - [NAME OF VOTE 6]	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	**14,910**	**44,448**	**28,042**	**9,050**	**8,241**	**8,241**	**9,550**	**5,000**	**11,500**
Total Capital Expenditure - Vote	**44,960**	**44,448**	**56,792**	**40,550**	**46,841**	**46,841**	**57,113**	**26,948**	**22,832**
Capital Expenditure - Standard									
Governance and administration	**685**	**106**	**–**	**1,550**	**100**	**100**	**1,550**	**–**	**–**
Executive and council	477	23							
Budget and treasury office	198	31		1,550	100	100	1,550	–	–
Corporate services	10	52							
Community and public safety	**365**	**–**	**153**	**–**	**5,000**	**5,000**	**–**	**–**	**–**
Community and social services	365		153		5,000	5,000	–	–	–
Sport and recreation									
Public safety									
Housing									
Health									
Economic and environmental services	**55**	**393**	**8,729**	**6,000**	**6,641**	**6,641**	**1,000**	**–**	**–**
Planning and development									
Road transport	55	393	8,729	6,000	6,641	6,641	1,000	–	–
Environmental protection									
Trading services	**43,855**	**43,949**	**47,911**	**33,000**	**35,100**	**35,100**	**54,563**	**26,948**	**22,832**
Electricity	2,398	3,125	3,353	1,500	1,500	1,500	7,000	5,000	11,500
Water	27,806	28,870	43,058	31,500	33,600	33,600	47,563	21,948	11,332
Waste water management	13,433	10,242	1,500						
Waste management	218	1,712							
Other	**–**								
Total Capital Expenditure - Standard	**44,960**	**44,448**	**56,792**	**40,550**	**46,841**	**46,841**	**57,113**	**26,948**	**22,832**
Funded by:									
National Government	365	37,309	47,725	39,000	46,741	46,741	55,563	26,948	22,832
Provincial Government		49							
District Municipality	–								
Other transfers and grants	43,637								
Transfers recognised - capital	**44,002**	**37,358**	**47,725**	**39,000**	**46,741**	**46,741**	**55,563**	**26,948**	**22,832**
Public contributions & donations		3,125	5,100						
Borrowing		3,847	629						
Internally generated funds	958	118	3,339	1,550	100	100	1,550		
Total Capital Funding	**44,960**	**44,448**	**56,792**	**40,550**	**46,841**	**46,841**	**57,113**	**26,948**	**22,832**

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R9.550 million for the 2015/2016 financial year and decreases to R5.000 million in the 2016/2017 financial year and increases to R 11.500 million in the 2017/2018 financial year.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from national, provincial grants and transfers and internally generated funds. For 2015/2016, capital transfers totals consist of R57.113 million (97.28 per cent national and 2.72 per cent internally generated) and R26.948 million by 2016/17 (100 per cent). These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 12 MBRR Table A6 - Budgeted Financial Position

NC072 Umsobomvu - Table A6 Budgeted Financial Position

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS									
Current assets									
Cash	31,995	34,410	10,440	33,524	33,524	33,524	20,040	10,300	8,000
Call investment deposits	–	–	9,507	6,000	6,000	6,000	6,000	6,000	4,000
Consumer debtors	24,291	27,168	37,057	28,975	28,975	28,975	28,697	28,092	28,000
Other debtors	–	6,907	7						
Current portion of long-term receivables	–								
Inventory	382	413	398						
Total current assets	**56,668**	**68,898**	**57,409**	**68,499**	**68,499**	**68,499**	**54,737**	**44,392**	**40,000**
Non current assets									
Long-term receivables	–								
Investments	–								
Investment property	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655
Investment in Associate	–								
Property, plant and equipment	466,013	480,928	502,295	599,618	599,618	599,618	594,317	602,468	610,000
Agricultural	–								
Biological	–								
Intangible	256	159	73	1,550			1,550		
Other non-current assets	–								
Total non current assets	**467,924**	**482,742**	**504,023**	**602,823**	**601,273**	**601,273**	**597,522**	**604,122**	**611,655**
TOTAL ASSETS	**524,592**	**551,640**	**561,432**	**671,322**	**669,772**	**669,772**	**652,259**	**648,514**	**651,655**
LIABILITIES									
Current liabilities									
Bank overdraft									
Borrowing	252	864	933	800	800	800	800	800	800
Consumer deposits	606	674	697						
Trade and other payables	42,838	42,112	30,657	–	–	–	–	–	–
Provisions	–	335	925						
Total current liabilities	**43,696**	**43,985**	**33,212**	**800**	**800**	**800**	**800**	**800**	**800**
Non current liabilities									
Borrowing	295	3,699	3,300	3,585	3,585	3,585	2,857	2,057	1,257
Provisions	20,129	27,553	22,909	33,308	33,308	33,308	19,596	14,420	10,000
Total non current liabilities	**20,424**	**31,252**	**26,209**	**36,893**	**36,893**	**36,893**	**22,453**	**16,477**	**11,257**
TOTAL LIABILITIES	**64,120**	**75,237**	**59,421**	**37,693**	**37,693**	**37,693**	**23,253**	**17,277**	**12,057**
NET ASSETS	**460,472**	**476,403**	**502,011**	**633,628**	**632,078**	**632,078**	**629,006**	**631,237**	**639,598**
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	460,472	476,403	502,011	633,628	632,078	632,078	629,006	631,237	639,598
Reserves	–	–	–	–	–	–	–	–	–
Minorities' interests									
TOTAL COMMUNITY WEALTH/EQUITY	**460,472**	**476,403**	**502,011**	**633,628**	**632,078**	**632,078**	**629,006**	**631,237**	**639,598**

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
   - Call investments deposits;
   - Consumer debtors;
   - Property, plant and equipment;
   - Trade and other payables;
   - Provisions non-current;
   - Changes in net assets; and
   - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 13 MBRR Table A7 - Budgeted Cash Flow Statement

NC072 Umsobomvu - Table A7 Budgeted Cash Flows

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	80,641	43,972	51,913	59,480	54,258	54,258	8,295	8,793	9,321
Service charges							104,452	111,127	117,909
Other revenue							8,671	9,303	9,548
Government - operating	28,857	45,863	39,930	36,664	36,664	36,664	39,919	41,019	42,197
Government - capital	46,378	34,315	64,585	43,091	46,841	46,841	55,563	26,948	22,832
Interest	2,136	914	1,350	1,739	5,289	5,289	2,265	2,226	2,303
Dividends							–	–	–
Payments									
Suppliers and employees	(81,111)	(82,092)	(81,457)	(88,438)	(100,488)	(100,488)	(129,841)	(133,980)	(141,276)
Finance charges	(127)	(127)	(364)	(354)	(360)	(360)	(5,458)	(5,806)	(6,171)
Transfers and Grants	–	–	–	–			–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITI	**76,774**	**42,846**	**75,956**	**52,182**	**42,204**	**42,204**	**83,866**	**59,630**	**56,663**
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	3		(0)	(0)	(0)	(0)	–	–	–
Decrease (Increase) in non-current debtors	4		–				–	–	–
Decrease (increase) other non-current receivables			–				–	–	–
Decrease (increase) in non-current investments			–				–	–	–
Payments									
Capital assets	(44,960)	(44,448)	(61,792)	(47,898)	(47,898)	(47,898)	(50,007)	(24,253)	(20,548)
NET CASH FROM/(USED) INVESTING ACTIVITIE	**(44,954)**	**(44,448)**	**(61,793)**	**(47,898)**	**(47,898)**	**(47,898)**	**(50,007)**	**(24,253)**	**(20,548)**
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans				–			–	–	–
Borrowing long term/refinancing		4,385		–			–	–	–
Increase (decrease) in consumer deposits	–			–	120	120	130	145	160
Payments									
Repayment of borrowing	(1,331)	(367)	(452)	(728)	(728)	(728)	(800)	(800)	(800)
NET CASH FROM/(USED) FINANCING ACTIVITI	**(1,331)**	**4,018**	**(452)**	**(728)**	**(608)**	**(608)**	**(670)**	**(655)**	**(640)**
NET INCREASE/ (DECREASE) IN CASH HELD	**30,489**	**2,415**	**13,712**	**3,556**	**(6,302)**	**(6,302)**	**33,189**	**34,722**	**35,475**
Cash/cash equivalents at the year begin:	**1,506**	**31,995**	**25,596**	**15,612**	**15,612**	**15,612**	**9,310**	**42,500**	**77,222**
Cash/cash equivalents at the year end:	**31,995**	**34,410**	**39,308**	**19,168**	**9,310**	**9,310**	**42,500**	**77,222**	**112,697**

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality has been increasing over the 2011/12 to 2013/14 period and decreased in 2014/15 to R9.310 million. It is expected to significantly increase in the MTREF years ranging from R42.500 million in 2015/16 to R112.697 million by 2017/18.
4. The adopted 2015/2016 MTREF provide for a net increase in cash of R33.189 million for the 2015/16 financial year resulting in an overall projected positive cash position of R42.500 million at year end.
5. As part of the 2014/15 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
6. In addition the Municipality undertook an extensive debt collection drive resulting in cash receipts on arrear debtors. These interventions translated into an expected net cash position of R9.310 million for the 2014/15 financial year and cash and cash equivalents totaled R9.310 million at year end.
7. The 2015/2016 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
8. Cash and cash equivalents totals R42.500 million as at the end of the 2015/2016 financial year and increases to R77.222 million by 2016/17.

Table 14 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC072 Umsobomvu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available											
Cash/cash equivalents at the year end	1	31,995	34,410	39,308	19,168	9,310	9,310	9,310	42,500	77,222	112,697
Other current investments > 90 days		0	0	(19,361)	20,356	30,213	30,213	30,213	(16,459)	(60,922)	(100,697)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		**31,995**	**34,410**	**19,947**	**39,524**	**39,524**	**39,524**	**39,524**	**26,040**	**16,300**	**12,000**
Application of cash and investments											
Unspent conditional transfers		29,359	24,002	11,165	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	(23,375)	(6,853)	(13,596)	(26,793)	(21,823)	(21,823)	(21,823)	(44,287)	(43,321)	(43,225)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		**5,984**	**17,149**	**(2,432)**	**(26,793)**	**(21,823)**	**(21,823)**	**(21,823)**	**(44,287)**	**(43,321)**	**(43,225)**
Surplus(shortfall)		**26,011**	**17,261**	**22,378**	**66,317**	**61,347**	**61,347**	**61,347**	**70,327**	**59,621**	**55,225**

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2011/12 to 2013/14 the surplus deteriorated from R26.011 million to R17.261 million and increased to R61.347 million in 2014/15.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2015/16 MTREF was funded owing to the significant remaining surplus.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2015/2016 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively increase from R61.347 million to R70.327 million by 2015/16 and will decrease to R55.225 million by 2017/18.

Table 15 MBRR Table A9 - Asset Management

NC072 Umsobomvu - Table A9 Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE										
Total New Assets	1	**44,960**	**44,448**	**56,792**	**40,550**	**46,841**	**46,841**	**57,113**	**26,948**	**22,832**
Infrastructure - Road transport		–	–	5,100	6,000	6,641	6,641	1,000	–	–
Infrastructure - Electricity		2,398	3,125	2,920	1,500	1,500	1,500	7,000	5,000	11,500
Infrastructure - Water		27,806	28,861	38,625	31,500	33,600	33,600	47,563	21,948	11,332
Infrastructure - Sanitation		13,433	8,448	1,500	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		*43,637*	*40,434*	*48,145*	*39,000*	*41,741*	*41,741*	*55,563*	*26,948*	*22,832*
Community		365	49	–	–	5,000	5,000	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	867	3,957	8,647	–	85	85	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		91	8	–	1,550	15	15	1,550	–	–
Total Renewal of Existing Assets	2	**–**	**5,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	5,000	–	–	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		–	*5,000*	–	–	–	–	–	–	–
Community		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	–	–	–	–	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Infrastructure - Road transport		–	–	5,100	6,000	6,641	6,641	1,000	–	–
Infrastructure - Electricity		2,398	8,125	2,920	1,500	1,500	1,500	7,000	5,000	11,500
Infrastructure - Water		27,806	28,861	38,625	31,500	33,600	33,600	47,563	21,948	11,332
Infrastructure - Sanitation		13,433	8,448	1,500	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		*43,637*	*45,434*	*48,145*	*39,000*	*41,741*	*41,741*	*55,563*	*26,948*	*22,832*
Community		365	49	–	–	5,000	5,000	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		867	3,957	8,647	–	85	85	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		91	8	–	1,550	15	15	1,550	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	**44,960**	**49,448**	**56,792**	**40,550**	**46,841**	**46,841**	**57,113**	**26,948**	**22,832**
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport				142,077	142,077	142,077	142,077	148,077	153,077	
Infrastructure - Electricity		63,568	3,125	48,960	55,710	55,710	55,710	57,210	62,210	
Infrastructure - Water		71,462	28,861	272,535	313,683	313,683	313,683	345,183	380,183	
Infrastructure - Sanitation		13,433	8,448	85,978	85,978	85,978	85,978	85,978	85,978	
Infrastructure - Other				32,758	32,758	32,758	32,758	41,406	32,758	
Infrastructure		*148,463*	*40,434*	*582,308*	*630,206*	*630,206*	*630,206*	*677,854*	*714,206*	–
Community		1,485	49	8,895	8,895	8,895	8,895	8,895	8,895	
Heritage assets				(68,320)	(63,221)	(63,221)	(63,221)	(115,169)	(143,371)	
Investment properties		1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655	1,655
Other assets		5,010	3,957	23,738	23,738	23,738	23,738	23,738	23,738	
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		256	159	73	1,550			1,550	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV	5	**156,870**	**46,254**	**548,349**	**602,823**	**601,273**	**601,273**	**598,522**	**605,122**	**1,655**
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		28,039	28,037	27,588	23,834	23,834	23,834	23,844	23,847	23,851
Repairs and Maintenance by Asset Class	3	2,408	2,108	2,167	2,275	3,678	3,678	3,260	3,088	3,095
Infrastructure - Road transport		524	230	10	26	300	300	370	300	300
Infrastructure - Electricity		522	601	541	621	726	726	811	766	746
Infrastructure - Water		425	300	500	337	337	337	350	371	393
Infrastructure - Sanitation		–	50	90	50	250	250	300	250	250
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		*1,472*	*1,181*	*1,141*	*1,034*	*1,613*	*1,613*	*1,831*	*1,687*	*1,689*
Community		3	25	95	5	5	5	10	5	5
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	933	902	931	1,236	2,060	2,060	1,419	1,396	1,401
TOTAL EXPENDITURE OTHER ITEMS		**30,447**	**30,145**	**29,755**	**26,109**	**27,512**	**27,512**	**27,104**	**26,935**	**26,946**
Renewal of Existing Assets as % of total capex		*0.0%*	*10.1%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Renewal of Existing Assets as % of deprecn"		*0.0%*	*17.8%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
R&M as a % of PPE		*0.5%*	*0.4%*	*0.4%*	*0.4%*	*0.6%*	*0.6%*	*0.5%*	*0.5%*	*0.5%*
Renewal and R&M as a % of PPE		*2.0%*	*15.0%*	*0.0%*	*0.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*187.0%*

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations as the focus of resources is on new Basic service infrastructure and repair and maintenance amounts to 0.55 per cent.

Table 16 MBRR Table A10 - Basic Service Delivery Measurement

NC072 Umsobomvu - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling		2,976	4,399	4,799	5,049	5,049	5,049	5,299	5,299	5,299
Piped water inside yard (but not in dwelling)		2,804	3,104	3,104	3,404	3,404	3,404	3,404	3,404	3,404
Using public tap (at least min.service level)	2	227	270	270	270	270	270	270	270	270
Other water supply (at least min.service level)	4			–		–	–			
Minimum Service Level and Above sub-total		6,007	7,773	8,173	8,723	8,723	8,723	8,973	8,973	8,973
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**6,007**	**7,773**	**8,173**	**8,723**	**8,723**	**8,723**	**8,973**	**8,973**	**8,973**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		3,976	7,049	7,449	7,699	7,699	7,699	7,949	7,949	7,949
Flush toilet (with septic tank)		112	112	112	112	112	112	112	112	112
Chemical toilet				–		–	–			
Pit toilet (ventilated)		612	612	612	612	612	612	612	612	612
Other toilet provisions (> min.service level)				–						
Minimum Service Level and Above sub-total		4,700	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
Bucket toilet		1,169	43	43	43	43	43	43	43	43
Other toilet provisions (< min.service level)										
No toilet provisions										
Below Minimum Service Level sub-total		1,169	43	43	43	43	43	43	43	43
Total number of households	5	**5,869**	**7,816**	**8,216**	**8,466**	**8,466**	**8,466**	**8,716**	**8,716**	**8,716**
Energy:										
Electricity (at least min.service level)		2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822
Electricity - prepaid (min.service level)		3,042	4,951	5,351	5,601	5,601	5,601	5,851	5,851	5,851
Minimum Service Level and Above sub-total		5,864	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**5,864**	**7,773**	**8,173**	**8,423**	**8,423**	**8,423**	**8,673**	**8,673**	**8,673**
Refuse:										
Removed at least once a week		5,857	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
Minimum Service Level and Above sub-total		5,857	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**5,857**	**7,773**	**8,173**	**8,423**	**8,423**	**8,423**	**8,673**	**8,673**	**8,673**
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		2,904	3,132	3,532	3,782	3,782	3,782	3,782	4,032	4,032
Sanitation (free minimum level service)		2,547	3,132	3,532	3,782	3,782	3,782	3,782	4,032	4,032
Electricity/other energy (50kwh per household per mo		2,904	3,132	3,532	3,782	3,782	3,782	3,782	4,032	4,032
Refuse (removed at least once a week)		2,904	3,132	3,532	3,782	3,782	3,782	3,782	4,032	4,032
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		189	2,078	636	674	674	674	674	714	755
Sanitation (free sanitation service)		202	2,137	3,603	3,928	3,928	3,928	3,928	4,163	4,399
Electricity/other energy (50kwh per household per mo		163	1,397	1,494	1,614	1,614	1,614	1,614	1,743	1,872
Refuse (removed once a week)		156	2,171	2,595	2,751	2,751	2,751	2,751	2,916	3,081
Total cost of FBS provided (minimum social packa		**710**	**7,783**	**8,329**	**8,967**	**8,967**	**8,967**	**8,967**	**9,537**	**10,107**
Highest level of free service provided										
Property rates (R value threshold)		90,024	109,620	130,684	139,934	15,000	15,000	15,000	15,000	15,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6		
Sanitation (kilolitres per household per month)		1	1	–		–	–			
Sanitation (Rand per household per month)		72	60	91	99	99	99	99	105	105
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		1	1	200	200	200	200	200	200	200
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		655	660	700	742	742	742	742	786	786
Property rates (other exemptions, reductions and rebates)				–		–	–			
Water		189	38	40	42	42	42	42	45	45
Sanitation		202	38	40	42	42	42	42	45	45
Electricity/other energy		163	38	40	42	42	42	42	45	45
Refuse		156	38	40	42	42	42	42	45	45
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of free services provided (total social package)		**1,365**	**810**	**859**	**910**	**910**	**910**	**910**	**965**	**965**

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
    a. Water services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years time. These households are largely found in 'reception areas' and will need to be moved to formal areas so that they can receive services.
    b. Sanitation services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years time.
    c. Electricity services – backlog will be eradicated over the MTREF. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades.
    d. Refuse services – backlog does not exist at this stage.

3. The budget provides for 3 782 households to be registered as indigent in 2015/2016, and therefore entitled to receiving Free Basic Services. The number is set to increase to 4032 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R0.747 million per month or R 8.967 million in 2015/2016 increasing to R10.107 million in 2017/18. This is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 18 September 2014. Key dates applicable to the process were:

- **August 2014** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2015/2016 MTREF;
- **November 2014** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **12 to 26 January 2015** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2015** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **24 February 2015** - Council considers the 2014/15 Mid-year Review and Adjustments Budget;

- **February 2015** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2015/16 MTREF is revised accordingly;
- **31 March 2015** - Tabling in Council of the draft 2015/2016 IDP and 2015/2016 MTREF for public consultation;
- **April 2015** – Public consultation;
- **8 May 2015** - Closing date for written comments;
- **8 to 22 May 2015** – finalisation of the 2015/2016 IDP and 2015/2016 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **29 May 2015** - Tabling of the 2015/2016 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the third review of the IDP as adopted by Council in May 2012. It started in September 2014 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2015/2016 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/2016 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2015/2016 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/2016 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
    - Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2014/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
    - The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 74 and 75 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2015/2016 MTREF as tabled before Council on 31 March 2015 for community consultation was published on the municipality's website, and hard copies have been made available at customer care offices, municipal notice boards and various libraries. E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business.

All documents in the appropriate format (electronic and printed) have been provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilized to facilitate the community consultation process from 29 to 30 April 2015, and this includes 3 public briefing sessions. The applicable dates and venues will be published in all the local newspapers and on average attendance of 50 people is expected per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions will be scheduled with organised business and imbizo's will be held to further ensure transparency and interaction. Other stakeholders involved in the consultation includes churches, non-governmental institutions and community-based organisations.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2014/2015 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 17 IDP Strategic Objectives

2014/15 Financial Year	2015/2016 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Umsobomvu principles through a caring, accessible and accountable service	4. Foster participatory democracy and Umsobomvu principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
    - Provide electricity;
    - Provide water;
    - Provide sanitation;
    - Provide waste removal;
    - Provide housing;
    - Provide roads and storm water;
    - Provide Municipality planning services; and
    - Maintaining the infrastructure of the Municipality.

2. Economic growth and development that leads to sustainable job creation by:
    - Ensuring the is a clear structural plan for the Municipality;
    - Ensuring planning processes function in accordance with set timeframes;
    - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective Municipality cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring save working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Umsobomvu principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
- Implementing Umsobomvu in the revenue management strategy.

5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;

- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2015/2016 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 18 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

NC072 Umsobomvu - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Basic Services	**Provision & maintenance of infrastructure & basic services**	1										
	PUBLIC WORKS	1		36	743	6,160	1,060	1,701	1,701	1,060	60	60
	WORKSHOP	5		–	–	–	–					
	HOUSING SERVICES	5		3,081	1	–	–					
	WATER TREATMENT WORKS	6			–							
	WATER	1		38,559	45,269	62,922	51,499	56,283	56,283	62,386	37,527	27,795
	SEWERAGE	1		22,517	15,933	7,166	7,662	8,036	8,036	8,791	9,319	9,878
	WASTE WATER TREATMENT WORKS	3		–	–	–	–					
	SOLID WASTE	3		4,656	5,173	5,662	5,896	6,152	6,152	6,730	7,134	7,562
	ELECTRICITY	4		19,933	36,776	33,840	29,831	29,957	29,957	38,927	39,244	47,925
	REFUSE DUPM	2		7	–							
Municipal Institutional Development and Transformation	**Social Services**											
	PARKS & RECREATION	2		–	5	–	–					
	TRAFFIC SERVICES	13		5,804	1,878	2,174	2,283	2,710	2,710	3,253	3,416	3,587
	MUSEUM	12		2	3	3	2	2	2	2	2	2
	LIBRARIES	8		523	717	708	991	990	990	1,686	1,958	1,958
	CEMETERIES	9		23	21	3,621	22	23	23	24	26	27
	PROPERTY SERVICES	15		718	495	376	399	6,057	6,057	1,121	1,188	1,259
	ASSESSMENT RATES	8		4,431	4,793	4,905	5,199	8,295	8,295	8,295	8,793	9,321
Local Economic Development	**Tourism**											
	LED AND IDP	3		0	(0)	–	1	1	1	1	1	1
Municipal Financial Viability and Management	**To effectively manage the revenue and expenditure functions of the municipality**											
	FINANCE	17		3,295	5,665	7,152	7,146	7,348	7,348	7,354	7,794	7,945
Good Governance and Public Participation	**Council**											
	MAYOR			–		–	–					
	COUNCIL EXPENSES	17		26,095	29,319	30,684	32,382	32,382	32,382	34,931	35,704	36,711
	MUNICIPAL MANAGER	17		–	–	–	–					
	CORPORATE SERVICE	17		16	22	18	19	19	19	20	21	23
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	**129,696**	**146,810**	**165,391**	**144,391**	**159,957**	**159,957**	**174,581**	**152,186**	**154,053**

Table 19 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC072 Umsobomvu - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Basic Services	**Provision & maintenance of infrastructure & basic services**	**1**										
	PUBLIC WORKS	1		10,962	15,640	10,257	10,703	11,044	11,044	10,659	11,759	12,307
	WORKSHOP	5		404	432	386	408	413	413	421	455	495
	HOUSING SERVICES	5		2,077	455	469	473	482	482	661	698	738
	WATER TREATMENT WORKS	6		–								
	WATER	1		19,564	22,844	23,483	21,289	21,950	21,950	22,094	22,693	23,361
	SEWERAGE	1		4,460	6,386	7,954	9,236	9,550	9,550	9,814	10,519	11,044
	WASTE WATER TREATMENT WORKS	3		–		–	–					
	SOLID WASTE	3		3,598	11,854	5,947	6,336	6,312	6,312	5,073	5,295	5,563
	ELECTRICITY	4		18,043	32,562	27,935	24,705	25,619	25,619	27,466	29,311	31,338
	REFUSE DUPM	2		13	–							
Municipal Institutional Development and Transformation	**Social Services**											
	PARKS & RECREATION	2		1,153	1,240	1,219	1,338	1,299	1,299	2,745	2,975	3,243
	TRAFFIC SERVICES	13		5,374	2,572	2,186	2,511	3,613	3,613	4,135	3,914	4,134
	MUSEUM	12		569	643	678	723	696	696	558	603	652
	LIBRARIES	8		1,045	1,081	1,539	1,880	1,860	1,860	2,605	2,974	3,080
	CEMETERIES	9		3,781	506	3,892	298	315	315	671	721	785
	PROPERTY SERVICES	15		987	1,038	1,544	1,627	2,300	2,300	2,039	2,201	2,373
	ASSESSMENT RATES	8		2,161	364	2,087	2,697	2,734	2,734	2,761	1,149	1,189
Local Economic Development	**Tourism**											
	LED AND IDP	3		332	47		15	15	15			
Municipal Financial Viability and Management	**To effectively manage the revenue and expenditure functions of the municipality**											
	FINANCE	17		13,666	10,483	13,784	16,619	16,603	16,603	17,510	16,935	18,001
Good Governance and Public Participation	**Council**											
	MAYOR			999	13,371	2,598	2,530	2,700	2,700	2,730	2,908	3,063
	COUNCIL EXPENSES	17		10,535	1,309	15,902	14,387	14,542	14,542	15,252	16,057	16,791
	MUNICIPAL MANAGER	17		2,590	2,532	2,119	2,711	2,783	2,783	2,589	2,754	2,934
	CORPORATE SERVICE	17		2,628	3,100	5,275	5,544	5,725	5,725	5,519	5,868	6,357
			1	**104,942**	**128,458**	**129,254**	**126,029**	**130,553**	**130,553**	**135,300**	**139,787**	**147,448**

Table 20 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

NC072 Umsobomvu - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Basic Services	**Provision & maintenance of infrastructure & basic services**	**1**										
	PUBLIC WORKS	**1**		13,580	393	8,729	6,000	6,641	6,641	1,000	–	–
	WORKSHOP	**5**		–								
	HOUSING SERVICES	**5**		–								
	WATER TREATMENT WORKS	**6**		–								
	WATER	**1**		30,050	28,870	43,058	31,500	33,600	33,600	47,563	21,948	11,332
	SEWERAGE	**1**		–	10,242							
	WASTE WATER TREATMENT WORKS	**3**		–		1,500						
	SOLID WASTE	**3**		–								
	ELECTRICITY	**4**		153	3,125	3,353	1,500	1,500	1,500	7,000	5,000	11,500
	REFUSE DUPM	**2**		218								
		4										
Municipal Institutional Development and Transformation	**Social Services**											
	PARKS & RECREATION	**2**										
	TRAFFIC SERVICES	**13**				153						
	MUSEUM	**12**										
	LIBRARIES	**8**										
	CEMETERIES	**9**										
	PROPERTY SERVICES	**15**		365				5,000	5,000			
	ASSESSMENT RATES	**8**										
		17										
Local Economic Development	**Tourism**											
	LED AND IDP	**3**										
		7										
Municipal Financial Viability and Management	**To effectively manage the revenue and expenditure functions of the municipality**											
	FINANCE	**17**		117			1,550	100	100	1,550	–	–
Good Governance and Public Participation	**Council**											
	MAYOR			476								
	COUNCIL EXPENSES	**17**										
	MUNICIPAL MANAGER	**17**										
	CORPORATE SERVICE	**17**										
		16										
Allocations to other priorities			3									
Total Capital Expenditure			1	**44,960**	**42,630**	**56,792**	**40,550**	**46,841**	**46,841**	**57,113**	**26,948**	**22,832**

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

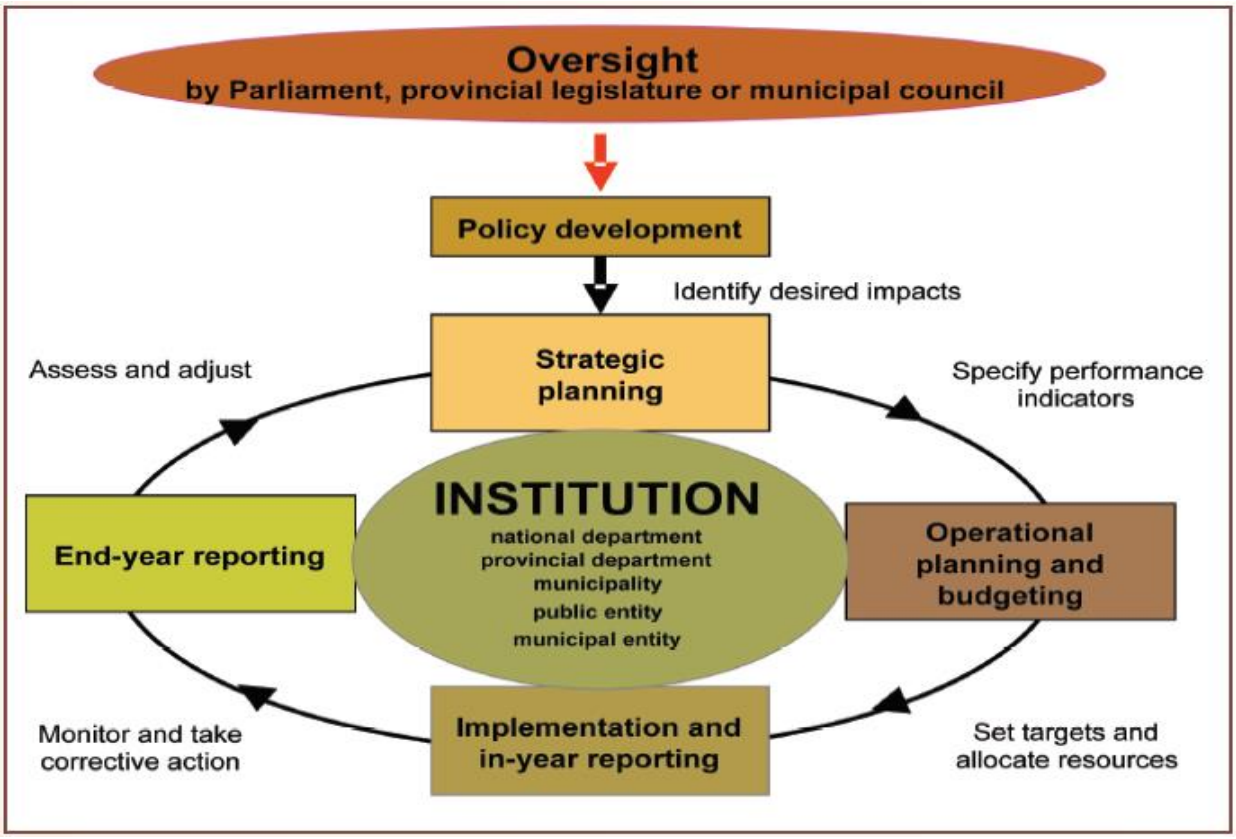


Figure 4 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);

- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

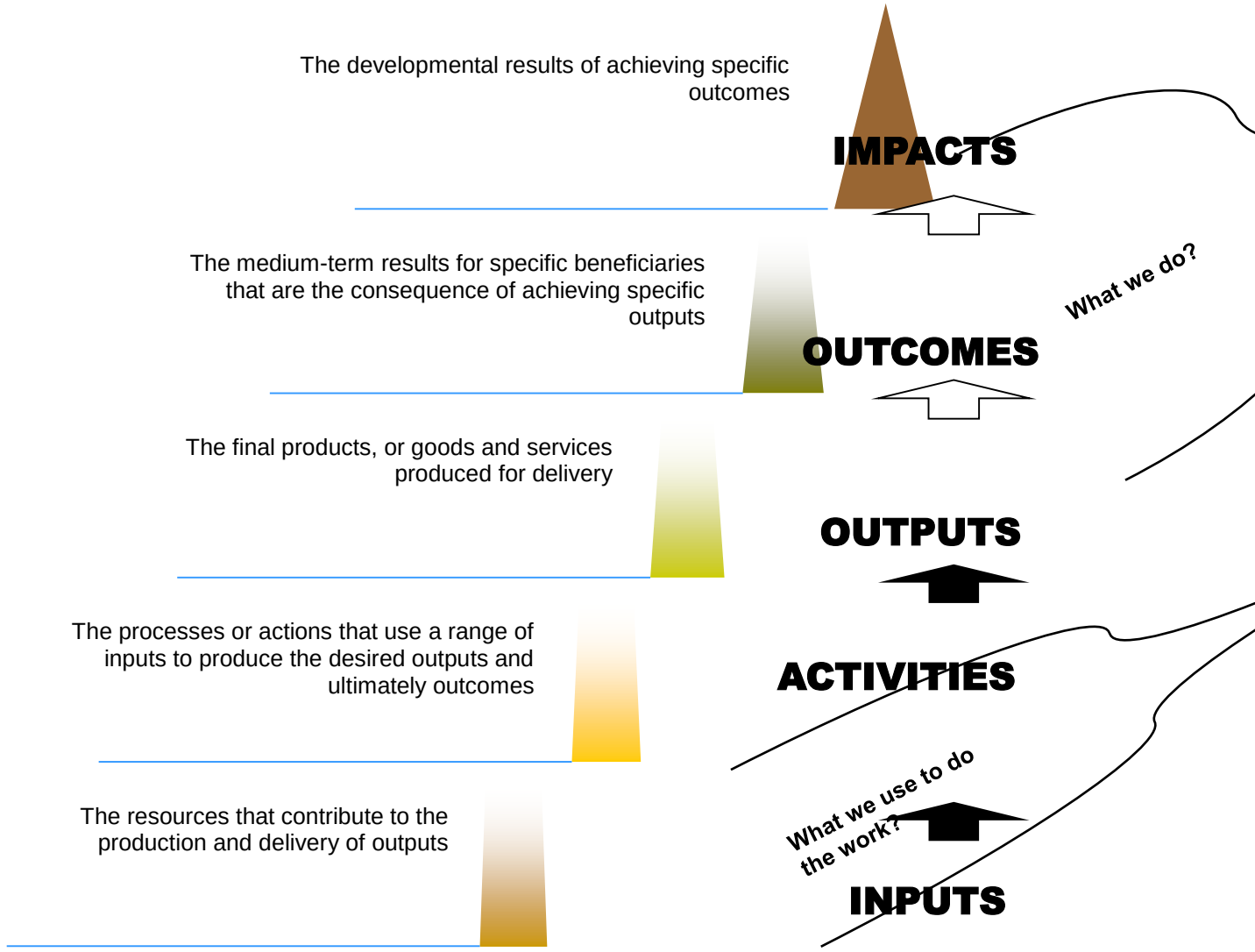


Figure 5 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 21 MBRR Table SA7 - Measurable performance objectives

NC072 Umsobomvu - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Council										
Council and Municipal Manager										
Council										
Annual performance reporting	Annual report and		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Approval of adjustments budget	Approval of adjustments		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Effective functioning of committee system	No of section 79		4	4	4	4	4	4	4	4
Effective functioning of MPAC	No of MPAC meetings		4	4	4	4	4	4	4	4
Effective functioning of ward committees	No of ward committee		8	12	12	12	12	12	12	12
Approval of final budget	Approval of final budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mayor										
Approval of SDBIP	Approval of SDBIP before	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Municipal Manager										
Functional Internal Audit unit	Reviewed and approved	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Functional performance audit committee	No of meetings of the	4	4	4	4	4	4	4	4	4
Improved good governance	%implementation of anti-									
Institutional performance management system	No of performance	4	3	4	4	4	4	4	4	4
Municipality comply with all relevant legislation	No of compliance	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Finance										
Finance										
Clean Audit	% of Root sauses of	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improvement in conditional grant spending-	% of total conditional	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Preparation of financial statements	Financial statements	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Updated indigent register for the provision of	Updated indigent register	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improvement in conditional grant spending-	% of conditional cpital		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
New financial system	% procurement of new			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improved revenue collection	% debt recovery rate	84.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Effective Supply Chain Management System	No of tenders	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Reduce section 32 expenditure	Value less < than R5m		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Asset Management	Compliance with GRAP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Corporate Services										
Corporate Services										
Sub-function 1 - (name)										
Reaching of employment equity targets	% Target reached as per		90.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Targeted skills development	The % of budget spent on		90.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Effective labour relations	No of LLF meetings			4	4	4	4	4	4	4
Effective and update HR policies	Revision of all HR	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Local Economic Development										
Reviewed IDP	IDP reviewed annually	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Enhancement of economic development	Value of contracts signed									
Employment through job creation initiatves	No of temporary jobs			1000.0%	1000.0%	1000.0%	1000.0%	1000.0%	1000.0%	1000.0%
Community Services										
Maintenance of halls and facilities	% of maintenance budget			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Technical Services										
Roads and Stormwater										
Sub-function 1 - (name)										
Improvement in conditional grant spending-	% of conditional cpital		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of municipal roads	% of maintenance budget			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of municipal roads (Reseal)	Kilometres of roads		2	2	2	2	2	2	2	2
Maintenance of refuse removal services	% of maintenance budget			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenace of sanitation services	% of maintenance budget			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of water assets	% of maintenance budget			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
New water connections	No of new water		100	100	100	100	100	100	100	100
Replacement of existing water meters	No of meters replaced									
Maintenace of electricity network	% of maintenance budget			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
New electricity connections	No of new electricity		100	100	100	100	100	100	100	100
Replacement of existing electricity meters	No of electricity meters		20	10	10	10	10	10	10	10
Maintenance of stormwater services	% of maintenance budget			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Insert measure/s description										
Entity 3 - (name of entity)										
Effective functioning of MPAC										
And so on for the rest of the Votes										

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b))
2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities
3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

NC072 Umsobomvu - Entities measureable performance objectives

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Entity 1 - (name of entity)										
Insert measure/s description										
Entity 2 - (name of entity)										
Approval of SDBIP										
Entity 3 - (name of entity)										
Approval of SDBIP										
And so on for the rest of the Entities										

1. Include a measurable performance objective as agreed with the parent municipality (MFMA s87(5)(d))

Table 22 MBRR Table SA8 - Performance indicators and benchmarks

NC072 Umsobomvu - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.4%	0.4%	0.6%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.7%	0.8%	1.3%	1.6%	1.5%	1.5%	1.5%	1.4%	1.3%	1.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	110.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	1.3	1.6	1.7	85.6	85.6	85.6	85.6	68.4	55.5	50.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.3	1.6	1.7	85.6	85.6	85.6	85.6	68.4	55.5	50.0
Liquidity Ratio	Monetary Assets/Current Liabilities	0.7	0.8	0.6	49.4	49.4	49.4	49.4	32.5	20.4	15.0
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		204.2%	95.9%	99.5%	106.2%	87.1%	87.1%	87.1%	165.4%	165.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		204.2%	95.9%	99.5%	106.2%	87.1%	87.1%	87.1%	165.4%	165.0%	164.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	29.2%	32.1%	36.8%	28.6%	26.6%	26.6%	26.6%	24.1%	22.4%	21.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))	97.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		40.2%	52.6%	46.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.7%	28.4%	34.3%	38.6%	35.8%	35.8%	35.8%	34.1%	36.2%	37.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	35.6%	33.4%	37.3%	41.5%	38.5%	38.5%		36.7%	38.8%	40.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.9%	2.0%	2.1%	2.2%	3.4%	3.4%		2.7%	2.5%	2.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	33.8%	26.5%	27.7%	23.8%	22.2%	22.2%	22.2%	20.3%	19.3%	18.4%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	42.5	33.8	24.7	10.7	10.7	10.7	23.6	26.1	27.1	28.7
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	60.9%	73.6%	70.5%	51.4%	45.7%	45.7%	45.7%	41.4%	38.0%	35.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	6.5	5.5	6.1	2.8	1.4	1.4	1.4	5.9	10.1	13.7

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Umsobomvu Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2015/16 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is less than .7 per cent in 2015/2016 and remains constant up to 2016/17. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is zero per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the Municipality's debt service profile, which predicts large debt service costs between 2012 and 2017. Debt service costs are expected to peak in 2017 due to the redemption of the last few term loans held by the Municipality.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2015/2016 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2015/2016 MTREF the current ratio is 1.68 in the 2015/2016 financial year and 1.55 and 1.50 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2014/15 financial year the ratio was 0.6 and as part of the financial planning strategy it has been stabilized at 1.73 in the 2015/16 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.

- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2015/2016 financial year 3782 registered indigents have been provided for in the budget with this figured increasing to 4032 by 2016/17. In terms of the Municipality's indigent policy

registered households are entitled to 6kℓ fee water, 50 kwh of electricity, sanitation and free waste removal equivalent to removal once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 44.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The total water supply of is extracted and treated by the municipality, from rivers and boreholes.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- The Electricity Division is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in May 2014 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2015/2016 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, a payment incentive scheme has been implemented and has delivered significant results in the recovery of older debt.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was approved by Council in May 2014. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.5 Budget Policy

The Budget Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative

framework of the MFMA and the Municipality's system of delegations. The Budget Policies were approved by Council in May 2014.

2.4.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was approved by Council in May 2014. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

2.4.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2014/2015 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2014/15 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and

- Basic Social Services Package (Indigent Policy).

2.5 Overview of budget assumptions

2.5.1 External factors

Domestically, after five years of strong growth, during which about 400 jobs were created, our economy shrank by an estimated 1.8 per cent last. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2015 will be .7 per cent rising to .8 per cent by 2017.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2015/2016 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 30.03 per cent of total operating expenditure in the 2015/2016 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.5.3 Credit rating outlook

No credit rating have been done by the Municipality

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for Umsobomvu Municipality the 2015/2016 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2015/2016 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (85 per cent) of annual billings. Cash flow is assumed to be 85 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.7 Salary increases

In the absence of a collective agreement regarding salaries/wages, a provision of 4.4 per cent has been made for the 2015/16 financial year.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2015/2016 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

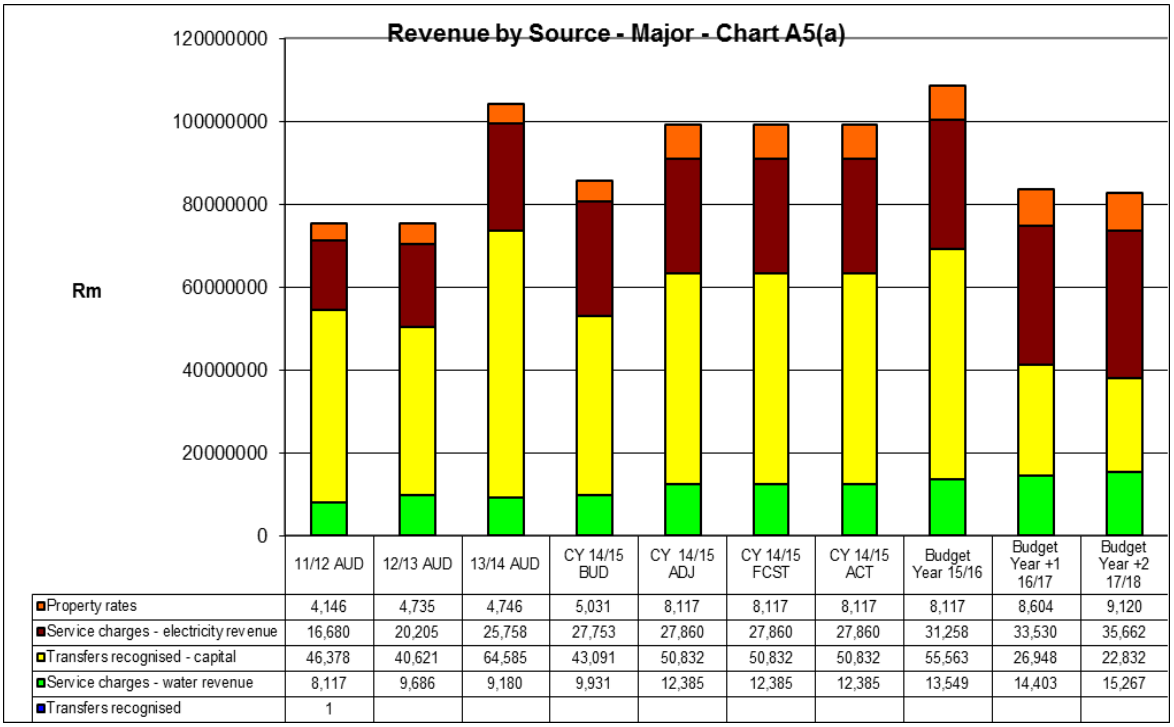
2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 32 Breakdown of the Operating Revenue over the Medium-term

Description	2015/16 Medium Term Revenue & Expenditure Framework						
R Thousand	Budget Year 2014/15	%	Budget Year + 1 2015/16	%	Budget Year+2 2016/17	%	Budget Year+2 2017/18
Property Rates	8,116,592	-	8,116,592.00	6.0	8,603,587.00	6.0	9,119,803.00
Service Charges	54,011,234	10.8	59,868,215.00	6.7	63,896,879.00	6.2	67,851,326.00
Investment Revenue	422,000	-	422,000.00	-	422,000.00	-	422,000.00
Transfers Recognised - Operational	36,664,400	8.9	39,918,700.00	2.8	41,019,200.00	2.9	42,197,400.00
Other Own Revenue	4,285,037	0.1	4,290,700.00	9.4	4,694,925.00	0.1	4,701,335.00
Total Operating Revenue (Excluding Capital Transfers And Contributions)	109,125,311	9.1	119,018,037.00	5.2	125,237,789.00	4.8	131,220,984.00
Total operating Expenditure	130,553,134	3.6	135,300,217.00	3.3	139,786,721.00	5.5	147,448,025.00
Surplus / Deficit	29,403,777	33.6	39,281,120.00	(68.4)	12,398,868.00	(46.7)	6,604,559.00

The following graph is a breakdown of the operational revenue per main category for the 2015/16 financial year.



	11/12 AUD	12/13 AUD	13/14 AUD	CY 14/15 BUD	CY 14/15 ADJ	CY 14/15 FCST	CY 14/15 ACT	Budget Year 15/16	Budget Year +1 16/17	Budget Year +2 17/18
Property rates	4,146	4,735	4,746	5,031	8,117	8,117	8,117	8,117	8,604	9,120
Service charges - electricity revenue	16,680	20,205	25,758	27,753	27,860	27,860	27,860	31,258	33,530	35,662
Transfers recognised - capital	46,378	40,621	64,585	43,091	50,832	50,832	50,832	55,563	26,948	22,832
Service charges - water revenue	8,117	9,686	9,180	9,931	12,385	12,385	12,385	13,549	14,403	15,267
Transfers recognised	1									

Figure 6 Breakdown of operating revenue over the 2014/15 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2014/15 MTREF on the different revenue categories are:

Table 33 Proposed Tariff Increase Over The Medium-term

Revenue Category	2015/16 Proposed Tariff Increase	2016/17 Proposed Tariff Increase	2017/18 Proposed Tariff Increase	2015/16 Additional Revenue for Each 1% Tariff Increase	2016/17 Additional Revenue Owing To 1% Tariff Increase	2017/18 Total Budgeted Revenue
	%	%	%	R'000	R'000	R'000
Property Rates	0.00%	6.00%	6.00%	R -	R 487	R 516
Sanitation	6.00%	6.00%	6.00%	R 732	R 511	R 542
Solid Waste	6.00%	6.00%	6.00%	R 562	R 392	R 416
Water	6.00%	6.00%	6.00%	R 1,164	R 854	R 864
Electricity	12.20%	7.00%	7.00%	R 3,399	R 2,272	R 2,133
Total				R 5,857	R 4,516	R 4,471

Revenue to be generated from property rates is R 8.117 million in the 2015/16 financial year and increases to R 9.120 million by 2017/18 which represents 6.82 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. As the levying of property rates is considered a strategic revenue source a general valuation process was undertaken in the 2014/15 financial year. The outcome of this initiative is closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R59.868 million for the 2015/16 financial year and increasing to R63.897 million by 2016/17. For the 2015/16 financial year services charges amount to 50.30 per cent of the total revenue base and grows by 0.72 and 0.70 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R39.919 million, R41.019 million and R42.197 million for each of the respective financial years of the MTREF, or 31.02, 32.75 and 32.16 per cent of operating revenue. The percentage of the total operational grants and transfers in relation to the total operating revenue is increasing owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the Municipality.

The tables below provide detail investment information and investment particulars by maturity.

Table 23 MBRR SA15 – Detail Investment Information

NC072 Umsobomvu - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank				12,000	6,000	6,000	6,000	6,000	6,000	
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	–	–	**12,000**	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**	–
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		–	–	–	–	–	–	–	–	–
Consolidated total:		–	–	**12,000**	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**	–

Table 24 MBRR SA16 – Investment particulars by maturity

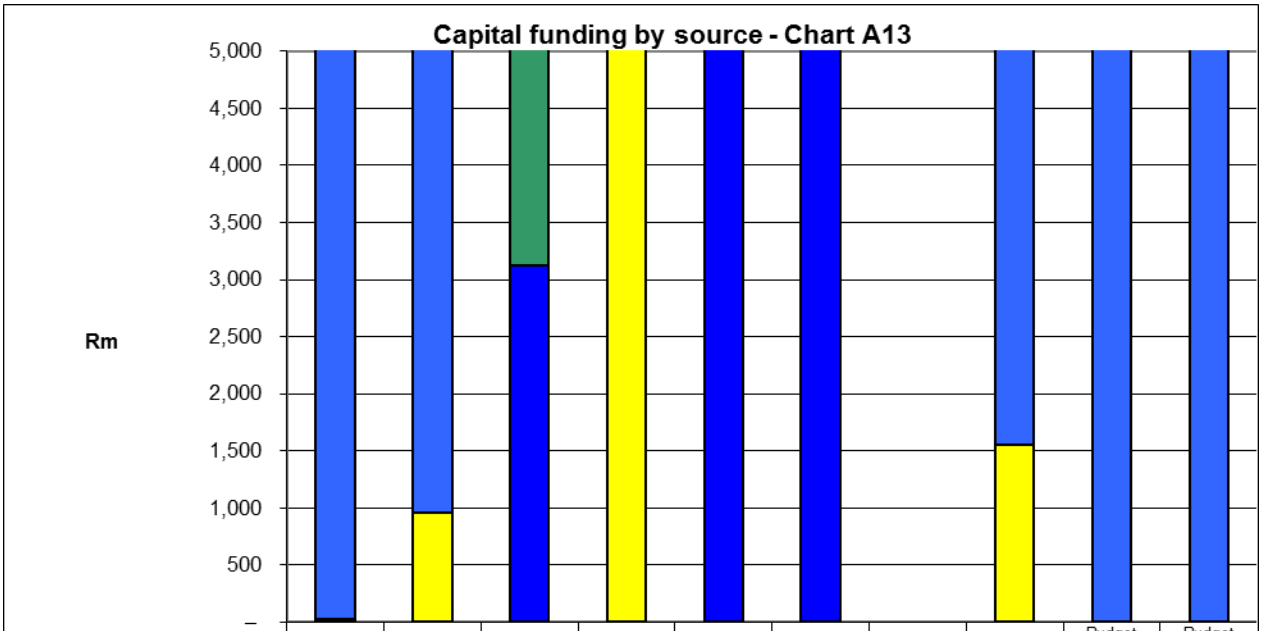
NC072 Umsobomvu - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														-
														-
														-
														-
														-
														-
Municipality sub-total										-		-	-	-
Entities														-
														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									-		-	-	-

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2015/16 medium-term capital programme:

Table 25 Sources of capital revenue over the MTREF



	11/12 AUD	12/13 AUD	13/14 AUD	CY 14/15 BUD	CY 14/15 ADJ	CY 13/14 FCST	CY 15/16 ACT	Budget Year 15/16	Budget Year +1 16/17	Budget Year +2 17/18
Capital transfers recognised	27,313	44,002	37,358	58,473	47,725	47,725	–	39,000	45,000	32,000
Internally generated funds	26	958	118	12,544	3,339	3,339		1,550	–	–
Borrowing			3,847		629	629				
Public contributions & donations			3,125		5,100	5,100				

Figure 7 Sources of capital revenue for the 2013/14 financial year

Capital grants and receipts equates to 97.29 per cent of the total funding source which represents R55.563 million for the 2015/16 financial year and decrease to R26.948 million by 2016/17. Grants are decreasing by 48.50 per cent over the medium-term.

Borrowing still remains an insignificant funding source for the capital programme over the medium-term. As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits and going forward borrowing limits will remain constant.

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 26 MBRR Table SA 17 - Detail of borrowings

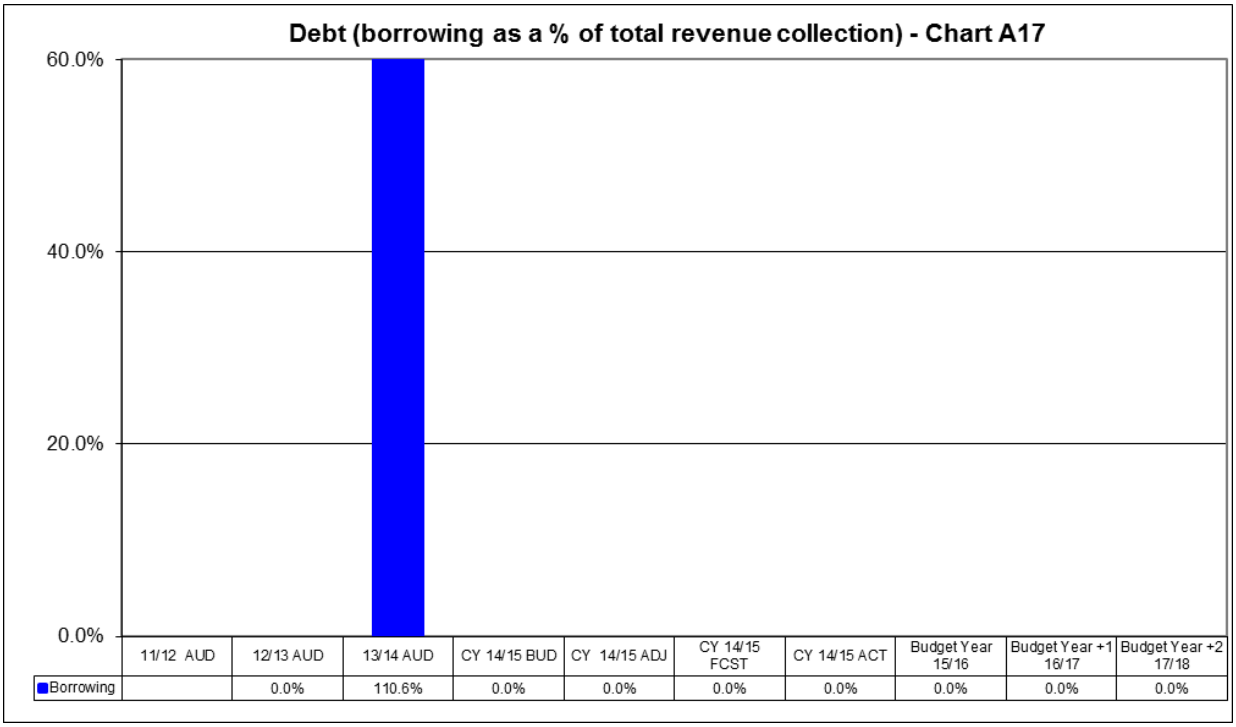
NC072 Umsobomvu - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases		295	3,699	3,646	3,585	3,585	3,585	2,857	2,057	1,257
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	**295**	**3,699**	**3,646**	**3,585**	**3,585**	**3,585**	**2,857**	**2,057**	**1,257**
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Borrowing	1	**295**	**3,699**	**3,646**	**3,585**	**3,585**	**3,585**	**2,857**	**2,057**	**1,257**

Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	–	–	–	–	–	–	–	–	–
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Unspent Borrowing	1	–	–	–	–	–	–	–	–	–

The following graph illustrates the growth in outstanding borrowing for the 20101/12 to 2017/18 period.

Figure 8 Growth in outstanding borrowing (long-term liabilities)



	11/12 AUD	12/13 AUD	13/14 AUD	CY 14/15 BUD	CY 14/15 ADJ	CY 14/15 FCST	CY 14/15 ACT	Budget Year 15/16	Budget Year +1 16/17	Budget Year +2 17/18
Borrowing		0.0%	110.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 27 MBRR Table SA 18 - Capital transfers and grant receipts

NC072 Umsobomvu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		**28,335**	**31,619**	**34,152**	**35,673**	**35,673**	**35,673**	**38,234**	**39,062**	**40,240**
Local Government Equitable Share		26,095	29,319	30,684	32,382	32,382	32,382	34,931	35,704	36,711
FINANCE MANAGEMENT		1,450	1,500	1,650	1,800	1,800	1,800	1,800	1,825	1,900
MSIG		790	800	890	934	934	934	940	957	1,033
MIG ADMIN - PMU		–		678	557	557	557	563	576	596
Energy Efficiency and Demand Management		–		250				–	–	–
		–								
Other transfers/grants [insert description]										
Provincial Government:		**522**	**715**	**708**	**991**	**991**	**991**	**1,685**	**1,957**	**1,957**
DEPT ART & CULTURE (LIBRARY)		522	715	708	991	991	991	1,685	1,957	1,957
YOUTH PROGRAMS		–								
IMMUNISATION GRANT		–								
Other transfers/grants [insert description]										
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**3,600**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]				3,600						
Total Operating Transfers and Grants	5	**28,857**	**32,334**	**38,460**	**36,664**	**36,664**	**36,664**	**39,919**	**41,019**	**42,197**
Capital Transfers and Grants										
National Government:		**45,492**	**51,921**	**47,473**	**43,091**	**50,832**	**50,832**	**55,563**	**26,948**	**22,832**
RBIG - DWAF		37,869	28,350	31,000	30,000	30,000	30,000	36,872	11,000	–
HOUSING PROJECTS		1,664	–	–		–	–	–	–	–
EEDG		59	5,000	–	–	–	–	7,000	3,000	10,000
MIG - CAPITAL		3,584	14,271	12,873	10,591	17,691	17,691	10,691	10,948	11,332
INEP		2,316	3,300	2,600	1,500	1,500	1,500	–	2,000	1,500
EPWP			1,000	1,000	1,000	1,641	1,641	1,000	–	–
Provincial Government:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other capital transfers/grants [insert description]										
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**2,600**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]				2,600						
Total Capital Transfers and Grants	5	**45,492**	**51,921**	**50,073**	**43,091**	**50,832**	**50,832**	**55,563**	**26,948**	**22,832**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**74,349**	**84,255**	**88,532**	**79,755**	**87,496**	**87,496**	**95,482**	**67,967**	**65,029**

2.6.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 28 MBRR Table A7 - Budget cash flow statement

NC072 Umsobomvu - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		80,641	43,972	51,913	59,480	54,258	54,258	54,258	8,295	8,793	9,321
Service charges									104,452	111,127	117,909
Other revenue									8,671	9,303	9,548
Government - operating	1	28,857	45,863	39,930	36,664	36,664	36,664	36,664	39,919	41,019	42,197
Government - capital	1	46,378	34,315	64,585	43,091	46,841	46,841	46,841	55,563	26,948	22,832
Interest		2,136	914	1,350	1,739	5,289	5,289	5,289	2,265	2,226	2,303
Dividends									–	–	–
Payments											
Suppliers and employees		(81,111)	(82,092)	(81,457)	(88,438)	(100,488)	(100,488)	(100,488)	(129,841)	(133,980)	(141,276)
Finance charges		(127)	(127)	(364)	(354)	(360)	(360)	(360)	(5,458)	(5,806)	(6,171)
Transfers and Grants	1	–	–	–	–				–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**76,774**	**42,846**	**75,956**	**52,182**	**42,204**	**42,204**	**42,204**	**83,866**	**59,630**	**56,663**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		3		(0)	(0)	(0)	(0)	(0)	–	–	–
Decrease (Increase) in non-current debtors		4		–					–	–	–
Decrease (increase) other non-current receivables				–					–	–	–
Decrease (increase) in non-current investments				–					–	–	–
Payments											
Capital assets		(44,960)	(44,448)	(61,792)	(47,898)	(47,898)	(47,898)	(47,898)	(50,007)	(24,253)	(20,548)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(44,954)**	**(44,448)**	**(61,793)**	**(47,898)**	**(47,898)**	**(47,898)**	**(47,898)**	**(50,007)**	**(24,253)**	**(20,548)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans					–				–	–	–
Borrowing long term/refinancing			4,385		–				–	–	–
Increase (decrease) in consumer deposits		–			–	120	120	120	130	145	160
Payments											
Repayment of borrowing		(1,331)	(367)	(452)	(728)	(728)	(728)	(728)	(800)	(800)	(800)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(1,331)**	**4,018**	**(452)**	**(728)**	**(608)**	**(608)**	**(608)**	**(670)**	**(655)**	**(640)**
NET INCREASE/ (DECREASE) IN CASH HELD		**30,489**	**2,415**	**13,712**	**3,556**	**(6,302)**	**(6,302)**	**(6,302)**	**33,189**	**34,722**	**35,475**
Cash/cash equivalents at the year begin:	2	**1,506**	**31,995**	**25,596**	**15,612**	**15,612**	**15,612**	**15,612**	**9,310**	**42,500**	**77,222**
Cash/cash equivalents at the year end:	2	**31,995**	**34,410**	**39,308**	**19,168**	**9,310**	**9,310**	**9,310**	**42,500**	**77,222**	**112,697**

The adopted 2015/2016 MTREF provide for a further net increase in cash of R33.189 million for the 2015/16 MTREF year resulting in an overall projected positive cash position of R42.500 million at year end.

2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 29 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

NC072 Umsobomvu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available											
Cash/cash equivalents at the year end	1	31,995	34,410	39,308	19,168	9,310	9,310	9,310	42,500	77,222	112,697
Other current investments > 90 days		0	0	(19,361)	20,356	30,213	30,213	30,213	(16,459)	(60,922)	(100,697)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		**31,995**	**34,410**	**19,947**	**39,524**	**39,524**	**39,524**	**39,524**	**26,040**	**16,300**	**12,000**
Application of cash and investments											
Unspent conditional transfers		29,359	24,002	11,165	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	(23,375)	(6,853)	(13,596)	(26,793)	(21,823)	(21,823)	(21,823)	(44,287)	(43,321)	(43,225)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		**5,984**	**17,149**	**(2,432)**	**(26,793)**	**(21,823)**	**(21,823)**	**(21,823)**	**(44,287)**	**(43,321)**	**(43,225)**
Surplus(shortfall)		**26,011**	**17,261**	**22,378**	**66,317**	**61,347**	**61,347**	**61,347**	**70,327**	**59,621**	**55,225**

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding

compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 30 MBRR SA10 – Funding compliance measurement

NC072 Umsobomvu - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling		2,976	4,399	4,799	5,049	5,049	5,049	5,299	5,299	5,299
Piped water inside yard (but not in dwelling)		2,804	3,104	3,104	3,404	3,404	3,404	3,404	3,404	3,404
Using public tap (at least min.service level)	2	227	270	270	270	270	270	270	270	270
Other water supply (at least min.service level)	4			–		–	–			
Minimum Service Level and Above sub-total		6,007	7,773	8,173	8,723	8,723	8,723	8,973	8,973	8,973
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**6,007**	**7,773**	**8,173**	**8,723**	**8,723**	**8,723**	**8,973**	**8,973**	**8,973**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		3,976	7,049	7,449	7,699	7,699	7,699	7,949	7,949	7,949
Flush toilet (with septic tank)		112	112	112	112	112	112	112	112	112
Chemical toilet				–		–	–			
Pit toilet (ventilated)		612	612	612	612	612	612	612	612	612
Other toilet provisions (> min.service level)				–						
Minimum Service Level and Above sub-total		4,700	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
Bucket toilet		1,169	43	43	43	43	43	43	43	43
Other toilet provisions (< min.service level)										
No toilet provisions										
Below Minimum Service Level sub-total		1,169	43	43	43	43	43	43	43	43
Total number of households	5	**5,869**	**7,816**	**8,216**	**8,466**	**8,466**	**8,466**	**8,716**	**8,716**	**8,716**
Energy:										
Electricity (at least min.service level)		2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822
Electricity - prepaid (min.service level)		3,042	4,951	5,351	5,601	5,601	5,601	5,851	5,851	5,851
Minimum Service Level and Above sub-total		5,864	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**5,864**	**7,773**	**8,173**	**8,423**	**8,423**	**8,423**	**8,673**	**8,673**	**8,673**
Refuse:										
Removed at least once a week		5,857	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
Minimum Service Level and Above sub-total		5,857	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**5,857**	**7,773**	**8,173**	**8,423**	**8,423**	**8,423**	**8,673**	**8,673**	**8,673**
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		2,904	3,132	3,532	3,782	3,782	3,782	3,782	4,032	4,032
Sanitation (free minimum level service)		2,547	3,132	3,532	3,782	3,782	3,782	3,782	4,032	4,032
Electricity/other energy (50kwh per household per mo		2,904	3,132	3,532	3,782	3,782	3,782	3,782	4,032	4,032
Refuse (removed at least once a week)		2,904	3,132	3,532	3,782	3,782	3,782	3,782	4,032	4,032
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		189	2,078	636	674	674	674	674	714	755
Sanitation (free sanitation service)		202	2,137	3,603	3,928	3,928	3,928	3,928	4,163	4,399
Electricity/other energy (50kwh per household per mo		163	1,397	1,494	1,614	1,614	1,614	1,614	1,743	1,872
Refuse (removed once a week)		156	2,171	2,595	2,751	2,751	2,751	2,751	2,916	3,081
Total cost of FBS provided (minimum social packa		**710**	**7,783**	**8,329**	**8,967**	**8,967**	**8,967**	**8,967**	**9,537**	**10,107**
Highest level of free service provided										
Property rates (R value threshold)		90,024	109,620	130,684	139,934	15,000	15,000	15,000	15,000	15,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6		
Sanitation (kilolitres per household per month)		1	1	–		–	–			
Sanitation (Rand per household per month)		72	60	91	99	99	99	99	105	105
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		1	1	200	200	200	200	200	200	200
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		655	660	700	742	742	742	742	786	786
Property rates (other exemptions, reductions and rebates)				–		–	–			
Water		189	38	40	42	42	42	42	45	45
Sanitation		202	38	40	42	42	42	42	45	45
Electricity/other energy		163	38	40	42	42	42	42	45	45
Refuse		156	38	40	42	42	42	42	45	45
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of free services provided (total social package)		**1,365**	**810**	**859**	**910**	**910**	**910**	**910**	**965**	**965**

DoRA operating												
List operating grants												
										–	–	–
DoRA capital												
List capital grants												
										–	–	–
Trend												
Change in consumer debtors (current and non-current)			10,498	9,784	2,989	(8,089)	(278)	(605)	(92)	–	–	–
Total Operating Revenue			83,318	106,189	100,806	101,301	109,125	109,125	109,125	119,018	125,238	131,221
Total Operating Expenditure			104,942	128,458	129,254	126,029	130,553	130,553	130,553	135,300	139,787	147,448
Operating Performance Surplus/(Deficit)			(21,624)	(22,270)	(28,448)	(24,728)	(21,428)	(21,428)	(21,428)	(16,282)	(14,549)	(16,227)
Cash and Cash Equivalents (30 June 2012)										42,500		
Revenue												
% Increase in Total Operating Revenue				27.5%	(5.1%)	0.5%	7.7%	0.0%	0.0%	9.1%	5.2%	4.8%
% Increase in Property Rates Revenue				14.2%	0.2%	6.0%	61.3%	0.0%	0.0%	0.0%	6.0%	6.0%
% Increase in Electricity Revenue				21.1%	27.5%	7.7%	0.4%	0.0%	0.0%	12.2%	7.3%	6.4%
% Increase in Property Rates & Services Charges				16.2%	13.8%	7.3%	11.2%	0.0%	0.0%	9.4%	6.6%	6.2%
Expenditure												
% Increase in Total Operating Expenditure				22.4%	0.6%	(2.5%)	3.6%	0.0%	0.0%	3.6%	3.3%	5.5%
% Increase in Employee Costs				10.8%	14.8%	12.8%	0.1%	0.0%	0.0%	3.9%	11.6%	9.0%
% Increase in Electricity Bulk Purchases				12.2%	11.4%	6.1%	0.0%	0.0%	0.0%	14.2%	8.0%	8.0%
Average Cost Per Budgeted Employee Position (Remuneration)					153822.0052	171300.5554				175118.9741		
Average Cost Per Councillor (Remuneration)					303930.3597	294451.9				309174.5		
R&M % of PPE			0.5%	0.4%	0.4%	0.4%	0.6%	0.6%		0.5%	0.5%	0.5%
Asset Renewal and R&M as a % of PPE			2.0%	15.0%	0.0%	0.0%	1.0%	1.0%		1.0%	1.0%	187.0%
Debt Impairment % of Total Billable Revenue			5.1%	15.1%	9.3%	9.3%	8.4%	8.4%	8.4%	8.0%	8.0%	8.0%
Capital Revenue												
Internally Funded & Other (R'000)			958	3,243	8,439	1,550	100	100	100	1,550	–	–
Borrowing (R'000)			–	3,847	629	–	–	–	–	–	–	–
Grant Funding and Other (R'000)			44,002	37,358	47,725	39,000	46,741	46,741	46,741	55,563	26,948	22,832
Internally Generated funds % of Non Grant Funding			100.0%	45.7%	93.1%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%
Borrowing % of Non Grant Funding			0.0%	54.3%	6.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			97.9%	84.0%	84.0%	96.2%	99.8%	99.8%	99.8%	97.3%	100.0%	100.0%
Capital Expenditure												
Total Capital Programme (R'000)			44,960	44,448	56,792	40,550	46,841	46,841	46,841	57,113	26,948	22,832
Asset Renewal			–	5,000	–	–	–	–	–	–	–	–
Asset Renewal % of Total Capital Expenditure			0.0%	11.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash												
Cash Receipts % of Rate Payer & Other			149.2%	73.3%	86.0%	92.5%	75.3%	75.3%	75.3%	154.3%	154.2%	154.4%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0	0
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			1.4%	0.4%	0.6%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%
Borrowing Receipts % of Capital Expenditure			0.0%	61.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Surplus/(Deficit)			26,011	17,261	22,378	66,317	61,347	61,347	61,347	70,327	59,621	55,225
Free Services												
Free Basic Services as a % of Equitable Share			2.7%	26.5%	27.1%	27.7%	27.7%	27.7%		25.7%	26.7%	27.5%
Free Services as a % of Operating Revenue (excl operational transfers)			2.5%	1.3%	1.4%	1.4%	1.3%	1.3%		1.2%	1.1%	1.1%
High Level Outcome of Funding Compliance												
Total Operating Revenue			83,318	106,189	100,806	101,301	109,125	109,125	109,125	119,018	125,238	131,221
Total Operating Expenditure			104,942	128,458	129,254	126,029	130,553	130,553	130,553	135,300	139,787	147,448
Surplus/(Deficit) Budgeted Operating Statement			(21,624)	(22,270)	(28,448)	(24,728)	(21,428)	(21,428)	(21,428)	(16,282)	(14,549)	(16,227)
Surplus/(Deficit) Considering Reserves and Cash Backing			26,011	17,261	22,378	66,317	61,347	61,347	61,347	70,327	59,621	55,225
MTREF Funded (1) / Unfunded (0)		15	1	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗		15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

2.6.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2015/2016 MTREF shows R26.040 million, R16.300 million and R12.000 million for each respective financial year.

2.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As part of the 2014/2015 MTREF the municipalities improving cash position causes the ratio to move upwards. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2015/2016 MTREF the indicative outcome is a surplus of R39.281 million, R12.399 million and R6.605 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 2.4 8.9 and declines .2 per cent for the respective financial year of the 2015/2016 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 12.2 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 97.4, 97.2 and 97.2 per cent for each of the respective financial years. Given that the assumed

collection rate was based on a 95 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 4.1, 4.0 and 4.0 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been be excluded. Further details relating to the borrowing strategy of the Municipality can be found on page 66.

2.6.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.4.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors' accounts within 30 days.

2.6.4.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 90.

2.6.4.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 31 MBRR SA19 - Expenditure on transfers and grant programmes

NC072 Umsobomvu - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		**28,335**	**31,619**	**34,152**	**35,673**	**35,673**	**35,673**	**38,234**	**39,062**	**40,240**
Local Government Equitable Share		26,095	29,319	30,684	32,382	32,382	32,382	34,931	35,704	36,711
FINANCE MANAGEMENT		1,450	1,500	1,650	1,800	1,800	1,800	1,800	1,825	1,900
MSIG		790	800	890	934	934	934	940	957	1,033
MIG ADMIN - PMU		–		678	557	557	557	563	576	596
Energy Efficiency and Demand Management		–		250				–	–	–
Other transfers/grants [insert description]										
Provincial Government:		**522**	**715**	**708**	**991**	**991**	**991**	**1,685**	**1,957**	**1,957**
DEPT ART & CULTURE (LIBRARY)		522	715	708	991	991	991	1,685	1,957	1,957
YOUTH PROGRAMS		–								
IMMUNISATION GRANT		–								
Other transfers/grants [insert description]										
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**3,600**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]				3,600						
Total operating expenditure of Transfers and Grants		**28,857**	**32,334**	**38,460**	**36,664**	**36,664**	**36,664**	**39,919**	**41,019**	**42,197**
Capital expenditure of Transfers and Grants										
National Government:		**45,492**	**51,921**	**47,473**	**43,091**	**50,832**	**50,832**	**55,563**	**26,948**	**22,832**
RBIG - DWAF		37,869	28,350	31,000	30,000	30,000	30,000	36,872	11,000	–
HOUSING PROJECTS		1,664	–	–		–	–	–	–	–
EEDG		59	5,000	–	–	–	–	7,000	3,000	10,000
MIG - CAPITAL		3,584	14,271	12,873	10,591	17,691	17,691	10,691	10,948	11,332
INEP		2,316	3,300	2,600	1,500	1,500	1,500	–	2,000	1,500
EPWP			1,000	1,000	1,000	1,641	1,641	1,000	–	–
Provincial Government:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other capital transfers/grants [insert description]										
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**2,600**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]				2,600						
Total capital expenditure of Transfers and Grants		**45,492**	**51,921**	**50,073**	**43,091**	**50,832**	**50,832**	**55,563**	**26,948**	**22,832**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		**74,349**	**84,255**	**88,532**	**79,755**	**87,496**	**87,496**	**95,482**	**67,967**	**65,029**

Table 32 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

NC072 Umsobomvu - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year				4,493						
Current year receipts				34,402	35,673	35,673	35,673			
Conditions met - transferred to revenue		–	–	**38,895**	**35,673**	**35,673**	**35,673**	–	–	–
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts				708	991	991	991			
Conditions met - transferred to revenue		–	–	**708**	**991**	**991**	**991**	–	–	–
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year				720	720					
Current year receipts				3,600	3,600					
Conditions met - transferred to revenue		–	–	**4,320**	**4,320**	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		–	–	**43,923**	**40,984**	**36,664**	**36,664**	–	–	–
Total operating transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year				8,012						
Current year receipts				51,373	43,091	43,091	43,091			
Conditions met - transferred to revenue		–	–	**59,385**	**43,091**	**43,091**	**43,091**	–	–	–
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts					–					
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts				2,600						
Conditions met - transferred to revenue		–	–	**2,600**	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		–	–	**61,985**	**43,091**	**43,091**	**43,091**	–	–	–
Total capital transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		–	–	**105,907**	**84,075**	**79,755**	**79,755**	–	–	–
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	–	–	–	–	–	–	–

2.8 Councillor and employee benefits

Table 33 MBRR SA22 - Summary of councillor and staff benefits

NC072 Umsobomvu - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		1,972	2,084	2,694	2,945	2,945	2,945	3,092	3,246	3,246
Pension and UIF Contributions		–		–		–	–			
Medical Aid Contributions		–		–		–	–			
Motor Vehicle Allowance		317	267	205		–	–			
Cellphone Allowance		124	137	140		–	–			
Housing Allowances		–				–	–			
Other benefits and allowances		–				–	–			
Sub Total - Councillors		**2,413**	**2,488**	**3,039**	**2,945**	**2,945**	**2,945**	**3,092**	**3,246**	**3,246**
% increase	4		**3.1%**	**22.1%**	**(3.1%)**	**–**	**–**	**5.0%**	**5.0%**	**–**
Senior Managers of the Municipality	2									
Basic Salaries and Wages			2,186	2,727	3,084	3,084	3,084	2,850	3,118	3,411
Pension and UIF Contributions			6	–		–	–			
Medical Aid Contributions				–		–	–			
Overtime				–		–	–			
Performance Bonus			279	301	348	348	348	336	368	403
Motor Vehicle Allowance	3		372	362	401	556	556	513	549	589
Cellphone Allowance	3			–		–	–			
Housing Allowances	3			10	11	12	12	13	14	15
Other benefits and allowances	3					–	–			
Payments in lieu of leave						–	–			
Long service awards						–	–			
Post-retirement benefit obligations	6					–	–			
Sub Total - Senior Managers of Municipality		**–**	**2,842**	**3,401**	**3,844**	**4,000**	**4,000**	**3,712**	**4,049**	**4,417**
% increase	4		**–**	**19.7%**	**13.0%**	**4.1%**	**–**	**(7.2%)**	**9.1%**	**9.1%**
Other Municipal Staff										
Basic Salaries and Wages		20,243	21,285	19,812	22,885	22,868	22,868	27,361	30,860	33,658
Pension and UIF Contributions		2,745	3,036	3,872	4,492	4,088	4,088	4,770	5,197	5,662
Medical Aid Contributions		481	511	752	758	828	828	847	926	1,012
Overtime		753	1,226	999	1,060	1,217	1,217	1,050	1,139	1,236
Performance Bonus		–	–	(301)	–	–	–			
Motor Vehicle Allowance	3	572	724	(0)		–	–			
Cellphone Allowance	3	–		–	–	–	–			
Housing Allowances	3	48	45	0		–	–			
Other benefits and allowances	3	596	571	690	474	537	537	577	629	684
Payments in lieu of leave		1,432	1,387	5,045	5,204	5,204	5,204	1,970	2,211	2,408
Long service awards		–		–		–	–			
Post-retirement benefit obligations	6	339	1,356	341	341	341	341	341	341	341
Sub Total - Other Municipal Staff		**27,209**	**30,142**	**31,209**	**35,213**	**35,084**	**35,084**	**36,916**	**41,302**	**45,002**
% increase	4		**10.8%**	**3.5%**	**12.8%**	**(0.4%)**	**–**	**5.2%**	**11.9%**	**9.0%**
Total Parent Municipality		**29,622**	**35,472**	**37,649**	**42,001**	**42,028**	**42,028**	**43,719**	**48,597**	**52,666**
			19.7%	**6.1%**	**11.6%**	**0.1%**	**–**	**4.0%**	**11.2%**	**8.4%**
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Total Municipal Entities		–	–	–	–	–	–	–	–	–
TOTAL SALARY, ALLOWANCES & BENEFITS		**29,622**	**35,472**	**37,649**	**42,001**	**42,028**	**42,028**	**43,719**	**48,597**	**52,666**
% increase	4		**19.7%**	**6.1%**	**11.6%**	**0.1%**	**–**	**4.0%**	**11.2%**	**8.4%**
TOTAL MANAGERS AND STAFF	5,7	**27,209**	**32,983**	**34,610**	**39,057**	**39,084**	**39,084**	**40,628**	**45,351**	**49,420**

Table 34 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

NC072 Umsobomvu - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4							–
Chief Whip								–
Executive Mayor			722,742					722,742
Deputy Executive Mayor								–
Executive Committee								–
Total for all other councillors			2,369,002					2,369,002
Total Councillors	8	–	**3,091,745**	–	–			**3,091,745**
Senior Managers of the Municipality	5							
Municipal Manager (MM)			938,065		12,528	93,807		1,044,400
Chief Finance Officer			773,660			77,366		851,026
Corporate Services Manager			809,655			80,966		890,621
Technical Services Manager			841,774			84,177		925,951
								–
								–
List of each offical with packages >= senior manager								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	–	**3,363,154**	–	**12,528**	**336,315**		**3,711,998**
A Heading for Each Entity	6,7							
List each member of board by designation								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total for municipal entities	8,10	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	**6,454,899**	–	**12,528**	**336,315**		**6,803,743**

Table 35 MBRR SA24 – Summary of personnel numbers

NC072 Umsobomvu - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2013/14			Current Year 2014/15			Budget Year 2015/16		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		10	–	10	10	–	10	10	–	10
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	4	–	4	4	–	4	4	–	4
Other Managers	7	5	4	1	6	5	1	6	5	1
Professionals		*150*	*144*	*6*	*150*	*144*	*6*	*154*	*148*	*6*
Finance		34	29	5	34	29	5	38	33	5
Spatial/town planning		1	1	–	1	1	–	1	1	–
Information Technology		–	–	–						
Roads		41	41	–	44	43	1	44	43	1
Electricity		7	7	–	7	7	–	7	7	–
Water		20	19	1	22	22	–	22	22	–
Sanitation		20	20	–	15	15	–	15	15	–
Refuse		27	27	–	27	27	–	27	27	–
Other										
Technicians		2	–	2	3	–	3	3	–	3
Finance		–	–	–						
Spatial/town planning		–	–	–						
Information Technology		–	–	–						
Roads		1	–	1	1	–	1	1	–	1
Electricity		–	–	–	–	–	–	–	–	–
Water		1	–	1	2	–	2	2	–	2
Sanitation		–	–	–						
Refuse		–	–	–						
Other		–	–	–						
Clerks (Clerical and administrative)		64	53	11	65	55	10	65	55	10
Service and sales workers		–	–	–						
Skilled agricultural and fishery workers		–	–	–						
Craft and related trades		–								
Plant and Machine Operators		–	–	–						
Elementary Occupations		–	–	–						
TOTAL PERSONNEL NUMBERS	9	**235**	**201**	**34**	**238**	**204**	**34**	**242**	**208**	**34**
% increase					1.3%	1.5%	–	1.7%	2.0%	–
Total municipal employees headcount	6, 10	**201**	**179**	**22**	**198**	**18**	**180**	**198**	**18**	**180**
Finance personnel headcount	8, 10	**30**	**25**	**5**	**34**	**31**	**3**	**34**	**31**	**3**
Human Resources personnel headcount	8, 10	**2**	**2**	**–**	**2**	**2**	**–**	**2**	**2**	**–**

2.9 Monthly targets for revenue, expenditure and cash flow

Table 36 MBRR SA25 - Budgeted monthly revenue and expenditure

NC072 Umsobomvu - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source																
Property rates		2,002	556	556	556	556	556	556	556	556	556	556	556	8,117	8,604	9,120
Property rates - penalties & collection charges		14	14	14	26	26	23	23	18	7	7	5	2	179	189	201
Service charges - electricity revenue		3,202	1,503	2,254	1,986	1,816	1,905	1,806	3,460	2,909	3,257	3,515	3,646	31,258	33,530	35,662
Service charges - water revenue		937	984	1,163	1,228	1,223	1,594	1,320	1,210	1,103	929	951	906	13,549	14,403	15,267
Service charges - sanitation revenue		697	705	705	705	705	705	705	705	705	705	705	780	8,524	9,035	9,577
Service charges - refuse revenue		494	552	552	552	552	552	552	552	552	552	552	519	6,537	6,929	7,344
Service charges - other													–	–	–	–
Rental of facilities and equipment		92	92	92	92	92	92	92	92	92	92	92	92	1,103	1,167	1,235
Interest earned - external investments		35	35	35	35	35	35	35	35	35	35	35	35	422	422	422
Interest earned - outstanding debtors		153	153	153	153	153	153	153	153	153	153	153	158	1,843	1,804	1,881
Dividends received													–	–	–	–
Fines		168	168	168	168	268	268	268	168	168	268	168	272	2,521	2,646	2,777
Licences and permits		63	63	63	63	63	63	63	63	63	63	63	63	757	795	834
Agency services													–	–	–	–
Transfers recognised - operational			11,976			15,967				11,976			–	39,919	41,019	42,197
Other revenue		358	358	358	358	358	358	358	358	358	358	358	358	4,291	4,695	4,701
Gains on disposal of PPE													–	–	–	–
Total Revenue (excluding capital transfers and cont		**8,215**	**17,158**	**6,112**	**5,921**	**21,814**	**6,305**	**5,931**	**7,370**	**18,677**	**6,975**	**7,153**	**7,389**	**119,018**	**125,238**	**131,221**
Expenditure By Type																
Employee related costs		#########	3,386	3,386	3,386	3,386	3,386	3,386	3,386	3,386	3,386	3,386	3,379	40,628	45,351	49,420
Remuneration of councillors		258	258	258	258	258	258	258	258	258	258	258	258	3,092	3,246	3,246
Debt impairment		455	455	455	455	455	455	455	455	455	455	455	455	5,458	5,806	6,171
Depreciation & asset impairment		1,987	1,987	1,987	1,987	1,987	1,987	1,987	1,987	1,987	1,987	1,987	1,987	23,844	23,847	23,851
Finance charges		26	26	26	26	26	26	26	26	26	26	26	26	310	290	290
Bulk purchases		1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	21,284	22,962	24,775
Other materials		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure		3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	40,683	38,283	39,694
Loss on disposal of PPE		0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Total Expenditure		**11,276**	**11,276**	**11,276**	**11,276**	**11,276**	**11,276**	**11,276**	**11,276**	**11,276**	**11,276**	**11,276**	**11,268**	**135,300**	**139,787**	**147,448**
Surplus/(Deficit)		**(3,061)**	**5,882**	**(5,164)**	**(5,354)**	**10,538**	**(4,971)**	**(5,345)**	**(3,906)**	**7,401**	**(4,301)**	**(4,123)**	**(3,880)**	**(16,282)**	**(14,549)**	**(16,227)**
Transfers recognised - capital													55,563	55,563	26,948	22,832
Contributions recognised - capital													–	–	–	–
Contributed assets													–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**(3,061)**	**5,882**	**(5,164)**	**(5,354)**	**10,538**	**(4,971)**	**(5,345)**	**(3,906)**	**7,401**	**(4,301)**	**(4,123)**	**51,684**	**39,281**	**12,399**	**6,605**
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**(3,061)**	**5,882**	**(5,164)**	**(5,354)**	**10,538**	**(4,971)**	**(5,345)**	**(3,906)**	**7,401**	**(4,301)**	**(4,123)**	**51,684**	**39,281**	**12,399**	**6,605**

Table 37 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC072 Umsobomvu - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote																
Vote 1 - EXECUTIVE & COUNCIL			10,479			13,972				10,479			–	34,931	35,704	36,711
Vote 2 - FINANCE & ADMIN		1,744	1,100	1,298	1,256	1,241	1,338	1,258	1,227	1,422	1,479	1,518	1,909	16,790	17,796	18,548
Vote 3 - COMMUNITY SERVICES		1,215	766	904	875	864	932	876	855	991	1,030	1,057	1,330	11,696	12,536	13,136
Vote 4 - TECHNICAL SERVICES		11,550	11,281	8,593	8,315	14,215	8,960	8,326	8,126	11,416	9,794	10,049	539	111,164	86,149	85,658
Vote 5 - [NAME OF VOTE 5]													–	–	–	–
Vote 6 - [NAME OF VOTE 6]													–	–	–	–
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Total Revenue by Vote		**14,510**	**23,626**	**10,795**	**10,446**	**30,293**	**11,230**	**10,460**	**10,208**	**24,308**	**12,303**	**12,624**	**3,778**	**174,581**	**152,186**	**154,053**
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE & COUNCIL		#########	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	20,571	21,718	22,787
Vote 2 - FINANCE & ADMIN		2,319	2,319	2,319	2,319	2,319	2,319	2,319	2,319	2,319	2,319	2,319	2,319	27,829	26,152	27,920
Vote 3 - COMMUNITY SERVICES		1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	16,447	17,180	18,196
Vote 4 - TECHNICAL SERVICES		5,871	5,871	5,871	5,871	5,871	5,871	5,871	5,871	5,871	5,871	5,871	5,871	70,454	74,736	78,545
Vote 5 - [NAME OF VOTE 5]													–	–	–	–
Vote 6 - [NAME OF VOTE 6]													–	–	–	–
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Total Expenditure by Vote		**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**135,300**	**139,787**	**147,448**
Surplus/(Deficit) before assoc.		**3,235**	**12,351**	**(480)**	**(829)**	**19,018**	**(45)**	**(815)**	**(1,067)**	**13,033**	**1,028**	**1,349**	**(7,497)**	**39,281**	**12,399**	**6,605**
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**3,235**	**12,351**	**(480)**	**(829)**	**19,018**	**(45)**	**(815)**	**(1,067)**	**13,033**	**1,028**	**1,349**	**(7,497)**	**39,281**	**12,399**	**6,605**

Table 38 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NC072 Umsobomvu - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard																
Governance and administration		**1,628**	**11,506**	**1,211**	**1,172**	**15,130**	**1,249**	**1,174**	**1,459**	**11,806**	**1,380**	**1,416**	**1,468**	**50,600**	**52,312**	**53,999**
Executive and council			10,479			13,972				10,479			–	34,931	35,704	36,711
Budget and treasury office		1,626	1,025	1,210	1,171	1,156	1,247	1,172	1,457	1,325	1,379	1,415	1,466	15,649	16,587	17,265
Corporate services		2	1	2	2	1	2	2	2	2	2	2	2	20	21	23
Community and public safety		**632**	**399**	**471**	**455**	**450**	**485**	**456**	**567**	**516**	**536**	**550**	**570**	**6,087**	**6,590**	**6,834**
Community and social services		294	186	219	212	209	226	212	264	240	250	256	266	2,834	3,174	3,247
Sport and recreation													–	–	–	–
Public safety		338	213	251	243	240	259	244	303	276	287	294	305	3,253	3,416	3,587
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		**110**	**69**	**82**	**79**	**78**	**85**	**79**	**99**	**90**	**93**	**96**	**99**	**1,060**	**60**	**60**
Planning and development													–	–	–	–
Road transport		110	69	82	79	78	85	79	99	90	93	96	99	1,060	60	60
Environmental protection													–	–	–	–
Trading services		**12,139**	**11,253**	**9,031**	**8,739**	**14,634**	**9,312**	**8,751**	**8,877**	**11,896**	**8,293**	**10,131**	**3,778**	**116,834**	**93,223**	**93,159**
Electricity		4,044	3,150	3,009	2,912	4,877	3,102	2,916	3,624	4,297	2,429	3,119	1,447	38,927	39,244	47,925
Water		6,482	7,086	4,822	4,667	8,610	4,972	4,673	3,808	6,284	4,496	5,613	873	62,386	37,527	27,795
Waste water management		913	576	680	658	650	701	658	818	745	775	791	828	8,791	9,319	9,878
Waste management		699	441	520	503	497	536	504	627	570	593	608	631	6,730	7,134	7,562
Other													**–**	**–**	**–**	**–**
Total Revenue - Standard		**14,510**	**23,226**	**10,795**	**10,446**	**30,293**	**11,130**	**10,460**	**11,001**	**24,308**	**10,303**	**12,193**	**5,916**	**174,581**	**152,186**	**154,053**
Expenditure - Standard																
Governance and administration		**3,863**	**3,863**	**3,863**	**3,863**	**3,863**	**3,863**	**3,863**	**3,863**	**3,863**	**3,863**	**3,863**	**3,863**	**46,360**	**45,670**	**48,334**
Executive and council		#########	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	20,571	21,718	22,787
Budget and treasury office		1,689	1,689	1,689	1,689	1,689	1,689	1,689	1,689	1,689	1,689	1,689	1,689	20,270	18,083	19,190
Corporate services		460	460	460	460	460	460	460	460	460	460	460	460	5,519	5,868	6,357
Community and public safety		**1,118**	**1,118**	**1,118**	**1,118**	**1,118**	**1,118**	**1,118**	**1,118**	**1,118**	**1,118**	**1,118**	**1,118**	**13,414**	**14,086**	**15,006**
Community and social services		489	489	489	489	489	489	489	489	489	489	489	489	5,872	6,498	6,890
Sport and recreation		229	229	229	229	229	229	229	229	229	229	229	229	2,745	2,975	3,243
Public safety		345	345	345	345	345	345	345	345	345	345	345	345	4,135	3,914	4,134
Housing		55	55	55	55	55	55	55	55	55	55	55	55	661	698	738
Health													–	–	–	–
Economic and environmental services		**923**	**923**	**923**	**923**	**923**	**923**	**923**	**923**	**923**	**923**	**923**	**923**	**11,080**	**12,214**	**12,802**
Planning and development													–	–	–	–
Road transport		923	923	923	923	923	923	923	923	923	923	923	923	11,080	12,214	12,802
Environmental protection													–	–	–	–
Trading services		**5,371**	**5,371**	**5,371**	**5,371**	**5,371**	**5,371**	**5,371**	**5,371**	**5,371**	**5,371**	**5,371**	**5,371**	**64,446**	**67,817**	**71,306**
Electricity		2,289	2,289	2,289	2,289	2,289	2,289	2,289	2,289	2,289	2,289	2,289	2,289	27,466	29,311	31,338
Water		1,841	1,841	1,841	1,841	1,841	1,841	1,841	1,841	1,841	1,841	1,841	1,841	22,094	22,693	23,361
Waste water management		818	818	818	818	818	818	818	818	818	818	818	818	9,814	10,519	11,044
Waste management		423	423	423	423	423	423	423	423	423	423	423	423	5,073	5,295	5,563
Other													**–**	**–**	**–**	**–**
Total Expenditure - Standard		**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**11,275**	**135,300**	**139,787**	**147,448**
Surplus/(Deficit) before assoc.		**3,235**	**11,951**	**(480)**	**(829)**	**19,018**	**(145)**	**(815)**	**(274)**	**13,033**	**(972)**	**918**	**(5,359)**	**39,281**	**12,399**	**6,605**
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**3,235**	**11,951**	**(480)**	**(829)**	**19,018**	**(145)**	**(815)**	**(274)**	**13,033**	**(972)**	**918**	**(5,359)**	**39,281**	**12,399**	**6,605**

Table 39 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

NC072 Umsobomvu - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Multi-year expenditure *to be appropriated*	1															
Vote 1 - EXECUTIVE & COUNCIL													–	–	–	–
Vote 2 - FINANCE & ADMIN													–	–	–	–
Vote 3 - COMMUNITY SERVICES													–	–	–	–
Vote 4 - TECHNICAL SERVICES													47,563	47,563	21,948	11,332
Vote 5 - [NAME OF VOTE 5]													–	–	–	–
Vote 6 - [NAME OF VOTE 6]													–	–	–	–
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Capital multi-year expenditure sub-total	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**47,563**	**47,563**	**21,948**	**11,332**
Single-year expenditure *to be appropriated*																
Vote 1 - EXECUTIVE & COUNCIL													–	–	–	–
Vote 2 - FINANCE & ADMIN													1,550	1,550	–	–
Vote 3 - COMMUNITY SERVICES													–	–	–	–
Vote 4 - TECHNICAL SERVICES													8,000	8,000	5,000	11,500
Vote 5 - [NAME OF VOTE 5]													–	–	–	–
Vote 6 - [NAME OF VOTE 6]													–	–	–	–
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Capital single-year expenditure sub-total	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,550**	**9,550**	**5,000**	**11,500**
Total Capital Expenditure	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**57,113**	**57,113**	**26,948**	**22,832**

Table 40 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC072 Umsobomvu - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital Expenditure - Standard	1															
Governance and administration		–	–	–	–	–	–	–	–	–	–	–	**1,550**	**1,550**	–	–
Executive and council													–	–	–	–
Budget and treasury office													1,550	1,550	–	–
Corporate services													–	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and social services													–	–	–	–
Sport and recreation													–	–	–	–
Public safety													–	–	–	–
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		–	–	–	–	–	–	–	–	–	–	–	**1,000**	**1,000**	–	–
Planning and development													–	–	–	–
Road transport													1,000	1,000	–	–
Environmental protection													–	–	–	–
Trading services		–	–	–	–	–	–	–	–	–	–	–	**54,563**	**54,563**	**26,948**	**22,832**
Electricity													7,000	7,000	5,000	11,500
Water													47,563	47,563	21,948	11,332
Waste water management													–	–	–	–
Waste management													–	–	–	–
Other													–	–	–	–
Total Capital Expenditure - Standard	2	–	–	–	–	–	–	–	–	–	–	–	**57,113**	**57,113**	**26,948**	**22,832**
Funded by:																
National Government													**55,563**	**55,563**	**26,948**	**22,832**
Provincial Government													–	–	–	–
District Municipality													–	–	–	–
Other transfers and grants													–	–	–	–
Transfers recognised - capital		–	–	–	–	–	–	–	–	–	–	–	**55,563**	**55,563**	**26,948**	**22,832**
Public contributions & donations													–	–	–	–
Borrowing													–	–	–	–
Internally generated funds													1,550	1,550	–	–
Total Capital Funding		–	–	–	–	–	–	–	–	–	–	–	57,113	57,113	26,948	22,832

Table 41 MBRR SA30 - Budgeted monthly cash flow

NC072 Umsobomvu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Receipts By Source													1		
Property rates	2,002	556	556	556	556	556	556	556	556	556	556	556	8,117	8,604	9,120
Property rates - penalties & collection charges	14	14	14	26	26	23	23	18	7	7	5	2	179	189	201
Service charges - electricity revenue	3,042	1,427	2,141	1,886	1,725	1,810	1,716	3,287	2,764	3,094	3,339	3,464	29,695	31,853	33,879
Service charges - water revenue	749	787	930	983	979	1,275	1,056	968	883	743	761	725	10,839	11,522	12,214
Service charges - sanitation revenue	488	493	493	493	493	493	493	493	493	493	493	54,248	59,668	63,248	67,042
Service charges - refuse revenue	321	359	359	359	359	359	359	359	359	359	359	338	4,249	4,504	4,774
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	92	92	92	92	92	92	92	92	92	92	92	92	1,103	1,167	1,235
Interest earned - external investments	35	35	35	35	35	35	35	35	35	35	35	35	422	422	422
Interest earned - outstanding debtors	153	153	153	153	153	153	153	153	153	153	153	158	1,843	1,804	1,881
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines	168	168	168	168	268	268	268	168	168	268	168	272	2,521	2,646	2,777
Licences and permits	63	63	63	63	63	63	63	63	63	63	63	63	757	795	834
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfer receipts - operational	–	11,976	–	–	15,967	–	–	–	11,976	–	–	–	39,919	41,019	42,197
Other revenue	358	358	358	358	358	358	358	358	358	358	358	358	4,291	4,695	4,701
Cash Receipts by Source	**7,485**	**16,481**	**5,362**	**5,172**	**21,074**	**5,486**	**5,172**	**6,550**	**17,906**	**6,221**	**6,382**	**60,311**	**163,602**	**172,468**	**181,279**
Other Cash Flows by Source															
Transfer receipts - capital												55,563	55,563	26,948	22,832
Contributions recognised - capital & Contributed assets												–			
Proceeds on disposal of PPE												–			
Short term loans												–			
Borrowing long term/refinancing												–			
Increase (decrease) in consumer deposits	11	11	11	11	11	11	11	11	11	11	11	11	130	145	160
Decrease (Increase) in non-current debtors												–			
Decrease (increase) other non-current receivables												–			
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	**7,496**	**16,492**	**5,373**	**5,182**	**21,084**	**5,497**	**5,183**	**6,561**	**17,917**	**6,232**	**6,393**	**115,885**	**219,295**	**199,561**	**204,270**
Cash Payments by Type															
Employee related costs	3,386	3,386	3,386	3,386	3,386	3,386	3,386	3,386	3,386	3,386	3,386	3,379	40,628	45,351	49,420
Remuneration of councillors	258	258	258	258	258	258	258	258	258	258	258	258	3,092	3,246	3,246
Finance charges	455	455	455	455	455	455	455	455	455	455	455	455	5,458	5,806	6,171
Bulk purchases - Electricity	1,987	1,987	1,987	1,987	1,987	1,987	1,987	1,987	1,987	1,987	1,987	1,987	23,844	23,847	23,851
Bulk purchases - Water & Sewer	26	26	26	26	26	26	26	26	26	26	26	26	310	290	290
Other materials	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774	21,284	22,962	24,775
Contracted services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	3,390	40,683	38,283	39,694
Cash Payments by Type	**11,276**	**11,276**	**11,276**	**11,276**	**11,276**	**11,276**	**11,276**	**11,276**	**11,276**	**11,276**	**11,276**	**11,268**	**135,299**	**139,785**	**147,447**
Other Cash Flows/Payments by Type															
Capital assets												50,007	50,007	24,253	20,548
Repayment of borrowing	67	67	67	67	67	67	67	67	67	67	67	67	800	800	800
Other Cash Flows/Payments												–			
Total Cash Payments by Type	**11,342**	**11,342**	**11,342**	**11,342**	**11,342**	**11,342**	**11,342**	**11,342**	**11,342**	**11,342**	**11,342**	**61,342**	**186,106**	**164,839**	**168,795**
NET INCREASE/(DECREASE) IN CASH HELD	**(3,846)**	**5,150**	**(5,969)**	**(6,160)**	**9,742**	**(5,846)**	**(6,159)**	**(4,781)**	**6,575**	**(5,110)**	**(4,949)**	**54,543**	**33,189**	**34,722**	**35,475**
Cash/cash equivalents at the month/year begin:	9,310	5,464	10,614	4,645	(1,515)	8,227	2,382	(3,778)	(8,559)	(1,984)	(7,094)	(12,044)	9,310	42,500	77,222
Cash/cash equivalents at the month/year end:	5,464	10,614	4,645	(1,515)	8,227	2,382	(3,778)	(8,559)	(1,984)	(7,094)	(12,044)	42,500	42,500	77,222	112,697

2.10 Annual budgets and SDBIPs – internal departments

The draft SDBIP is attached

2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 42 MBRR SA 34a - Capital expenditure on new assets by asset class

NC072 Umsobomvu - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		**43,637**	**40,434**	**48,145**	**39,000**	**41,741**	**41,741**	**55,563**	**26,948**	**22,832**
Infrastructure - Road transport		–	–	5,100	6,000	6,641	6,641	1,000	–	–
Roads, Pavements & Bridges				5,100	6,000	6,641	6,641	1,000	–	–
Storm water				–		–	–			
Infrastructure - Electricity		2,398	3,125	2,920	1,500	1,500	1,500	7,000	5,000	11,500
Generation		–		–		–	–			
Transmission & Reticulation		2,398	3,125	2,600	1,500	1,500	1,500	7,000	5,000	11,500
Street Lighting		–		320		–	–			
Infrastructure - Water		27,806	28,861	38,625	31,500	33,600	33,600	47,563	21,948	11,332
Dams & Reservoirs		–		–		–	–			
Water purification		27,806	28,861	38,625	31,500	33,600	33,600	47,563	21,948	11,332
Reticulation		–		–		–	–			
Infrastructure - Sanitation		13,433	8,448	1,500	–	–	–	–	–	–
Reticulation				–						
Sewerage purification		13,433	8,448	1,500						
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Waste Management										
Transportation	2									
Gas										
Other	3									
Community		**365**	**49**	**–**	**–**	**5,000**	**5,000**	**–**	**–**	**–**
Parks & gardens						–	–			
Sportsfields & stadia		365	49			–	–			
Swimming pools						–	–			
Community halls						5,000	5,000	–	–	–
Libraries						–	–			
Recreational facilities						–	–			
Fire, safety & emergency						–	–			
Security and policing						–	–			
Buses	7					–	–			
Clinics						–	–			
Museums & Art Galleries						–	–			
Cemeteries						–	–			
Social rental housing	8					–	–			
Other						–	–			
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Housing development										
Other										
Other assets		**867**	**3,957**	**8,647**	**–**	**85**	**85**	**–**	**–**	**–**
General vehicles		532	1,742	1,647						
Specialised vehicles	10	–	1,712	–	–	–	–	–	–	–
Plant & equipment				2,000		–	–			
Computers - hardware/equipment		149	393			85	85	–	–	–
Furniture and other office equipment		139	109			–	–			
Abattoirs						–	–			
Markets						–	–			
Civic Land and Buildings				5,000		–	–			
Other Buildings						–	–			
Other Land		47				–	–			
Surplus Assets - (Investment or Inventory)						–	–			
Other						–	–			
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		91	8	–	1,550	15	15	1,550	–	–
Computers - software & programming						–	–			
Other *(list sub-class)*		91	8		1,550	15	15	1,550	–	–
Total Capital Expenditure on new assets	1	**44,960**	**44,448**	**56,792**	**40,550**	**46,841**	**46,841**	**57,113**	**26,948**	**22,832**

Specialised vehicles		**–**	**1,712**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Refuse			1,712							
Fire										
Conservancy										
Ambulances										

Table 43 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

NC072 Umsobomvu - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		–	5,000	–	–	–	–	–	–	–
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity		–	5,000	–	–	–	–	–	–	–
Generation										
Transmission & Reticulation										
Street Lighting			5,000							
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Reticulation										
Sewerage purification										
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Waste Management										
Transportation	2									
Gas										
Other	3									
Community		–	–	–	–	–	–	–	–	–
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		–	–	–	–	–	–	–	–	–
General vehicles										
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other *(list sub-class)*										
Total Capital Expenditure on renewal of existing	1	–	5,000	–	–	–	–	–	–	–
Specialised vehicles		–	–	–	–	–	–	–	–	–
Refuse										
Fire										
Conservancy										
Ambulances										
Renewal of Existing Assets as % of total capex		*0.0%*	*10.1%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Renewal of Existing Assets as % of deprecn"		*0.0%*	*17.8%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

Table 44 MBRR SA34c - Repairs and maintenance expenditure by asset class

NC072 Umsobomvu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		**1,472**	**1,181**	**1,141**	**1,034**	**1,613**	**1,613**	**1,831**	**1,687**	**1,689**
Infrastructure - Road transport		524	230	10	26	300	300	370	300	300
Roads, Pavements & Bridges		524	230	10	26	300	300	370	300	300
Storm water		–	–		–	–	–			
Infrastructure - Electricity		522	601	541	621	726	726	811	766	746
Generation		–	–	–		–	–			
Transmission & Reticulation		443	421	361	421	526	526	591	546	526
Street Lighting		79	180	180	200	200	200	220	220	220
Infrastructure - Water		425	300	500	337	337	337	350	371	393
Dams & Reservoirs		–	–	–	–	–	–			
Water purification		–	–	–	–	–	–			
Reticulation		425	300	500	337	337	337	350	371	393
Infrastructure - Sanitation		–	50	90	50	250	250	300	250	250
Reticulation		–	–	–	–	–	–			
Sewerage purification		–	50	90	50	250	250	300	250	250
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Waste Management										
Transportation	2									
Gas										
Other	3									
Community		**3**	**25**	**95**	**5**	**5**	**5**	**10**	**5**	**5**
Parks & gardens		3	5	15	5	5	5	10	5	5
Sportsfields & stadia		–	–	–	–	–	–			
Swimming pools		–	–	–	–	–	–			
Community halls		–	–	–	–	–	–			
Libraries		–	–	–	–	–	–			
Recreational facilities		–	–	–	–	–	–			
Fire, safety & emergency		–	20	80	–	–	–			
Security and policing		–	–	–	–	–	–			
Buses	7	–	–	–	–	–	–			
Clinics		–	–	–	–	–	–			
Museums & Art Galleries		–	–	–	–	–	–			
Cemeteries		–	–	–	–	–	–			
Social rental housing	8	–	–	–	–	–	–			
Other		–	–	–	–	–	–			
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Housing development										
Other										
Other assets		**933**	**902**	**931**	**1,236**	**2,060**	**2,060**	**1,419**	**1,396**	**1,401**
General vehicles		541	583	641	817	978	978	909	883	883
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment		158	129	242	353	270	270	298	360	365
Computers - hardware/equipment		–	–	–	–	–	–			
Furniture and other office equipment		14	45	45	59	56	56	44	44	44
Abattoirs		–	–	–	–	–	–			
Markets		–	–	–	–	–	–			
Civic Land and Buildings		–	–	–	–	753	753	165	105	105
Other Buildings		206	139	–	–	–	–			
Other Land		14	8	3	8	3	3	3	3	3
Surplus Assets - (Investment or Inventory)		–	–			–	–			
Other		–	–			–	–			
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other *(list sub-class)*										
Total Repairs and Maintenance Expenditure	1	**2,408**	**2,108**	**2,167**	**2,275**	**3,678**	**3,678**	**3,260**	**3,088**	**3,095**
Specialised vehicles		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		*0.5%*	*0.4%*	*0.4%*	*0.4%*	*0.6%*	*0.6%*	*0.5%*	*0.5%*	*0.5%*
R&M as % Operating Expenditure		*2.3%*	*1.6%*	*1.7%*	*1.8%*	*2.8%*	*2.8%*	*2.4%*	*2.2%*	*2.1%*

Table 6 MBRR SA34d – Depreciation by asset class

NC072 Umsobomvu - Supporting Table SA34d Depreciation by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Depreciation by Asset Class/Sub-class										
Infrastructure		**25,999**	**25,453**	**18,591**	**18,576**	**18,576**	**18,576**	**18,576**	**18,576**	**18,576**
Infrastructure - Road transport		7,707	7,544	–	–	–	–	–	–	–
Roads, Pavements & Bridges		7,707	7,544							
Storm water										
Infrastructure - Electricity		2,844	2,784	2,785	2,785	2,785	2,785	2,785	2,785	2,785
Generation										
Transmission & Reticulation		2,844	2,784	2,785	2,785	2,785	2,785	2,785	2,785	2,785
Street Lighting										
Infrastructure - Water		12,617	12,352	12,351	12,351	12,351	12,351	12,351	12,351	12,351
Dams & Reservoirs										
Water purification										
Reticulation		12,617	12,352	12,351	12,351	12,351	12,351	12,351	12,351	12,351
Infrastructure - Sanitation		2,552	2,498	2,843	2,828	2,828	2,828	2,828	2,828	2,828
Reticulation		2,552	2,498	2,843	2,828	2,828	2,828	2,828	2,828	2,828
Sewerage purification										
Infrastructure - Other		280	274	612	612	612	612	612	612	612
Waste Management		280	274	612	612	612	612	612	612	612
Transportation	2									
Gas										
Other	3									
Community		**554**	**542**	**3,800**	**2**	**2**	**2**	**2**	**3**	**3**
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries		554	542	3,800	2	2	2	2	3	3
Social rental housing	8									
Other										
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Housing development										
Other										
Other assets		**1,393**	**1,363**	**5,179**	**5,256**	**5,256**	**5,256**	**5,265**	**5,269**	**5,273**
General vehicles		543	532							
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment		153	149							
Computers - hardware/equipment		142	139							
Furniture and other office equipment		48	47							
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings		237	232	4,302	4,379	4,379	4,379	4,389	4,392	4,396
Other Land		269	264	–						
Surplus Assets - (Investment or Inventory)				–						
Other		1	1	877	877	877	877	877	877	877
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		93	91	–	–	–	–	–	–	–
Computers - software & programming		93	91							
Other *(list sub-class)*										
Total Depreciation	1	**28,039**	**27,449**	**27,570**	**23,834**	**23,834**	**23,834**	**23,844**	**23,847**	**23,851**

Specialised vehicles		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Refuse										
Fire										
Conservancy										
Ambulances										

Table 8 MBRR SA35 – Future financial implications of capital budget

NC072 Umsobomvu - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2015/16 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Present value
Capital expenditure	1							
Vote 1 - EXECUTIVE & COUNCIL		–	–	–				
Vote 2 - FINANCE & ADMIN		1,550	–	–				
Vote 3 - COMMUNITY SERVICES		–	–	–				
Vote 4 - TECHNICAL SERVICES		55,563	26,948	22,832				
Vote 5 - [NAME OF VOTE 5]		–	–	–				
Vote 6 - [NAME OF VOTE 6]		–	–	–				
Vote 7 - [NAME OF VOTE 7]		–	–	–				
Vote 8 - [NAME OF VOTE 8]		–	–	–				
Vote 9 - [NAME OF VOTE 9]		–	–	–				
Vote 10 - [NAME OF VOTE 10]		–	–	–				
Vote 11 - [NAME OF VOTE 11]		–	–	–				
Vote 12 - [NAME OF VOTE 12]		–	–	–				
Vote 13 - [NAME OF VOTE 13]		–	–	–				
Vote 14 - [NAME OF VOTE 14]		–	–	–				
Vote 15 - [NAME OF VOTE 15]		–	–	–				
List entity summary if applicable								
Total Capital Expenditure		**57,113**	**26,948**	**22,832**	**–**	**–**	**–**	**–**
Future operational costs by vote	2							
Vote 1 - EXECUTIVE & COUNCIL								
Vote 2 - FINANCE & ADMIN								
Vote 3 - COMMUNITY SERVICES								
Vote 4 - TECHNICAL SERVICES								
Vote 5 - [NAME OF VOTE 5]								
Vote 6 - [NAME OF VOTE 6]								
Vote 7 - [NAME OF VOTE 7]								
Vote 8 - [NAME OF VOTE 8]								
Vote 9 - [NAME OF VOTE 9]								
Vote 10 - [NAME OF VOTE 10]								
Vote 11 - [NAME OF VOTE 11]								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
List entity summary if applicable								
Total future operational costs		–	–	–	–	–	–	–
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
Total future revenue		–	–	–	–	–	–	–
Net Financial Implications		**57,113**	**26,948**	**22,832**	**–**	**–**	**–**	**–**

Table 45 MBRR SA36 - Detailed capital budget per municipal vote

NC072 Umsobomvu - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2015/16 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3	5		Audited Outcome 2013/14	Current Year 2014/15 Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
Parent municipality:																
List all capital projects grouped by Municipal Vote																
Various																
Electricity -		Electrification Ouboks	EL 2.2.1	f	Yes	*Infrastructure - Electricity*	*Reticulation*	*30 42 00"S - 25 07' 10"E*		2,600	1,500		2,000	1,500		
Electricity -		Energy Demand Management	E1.3	f	Yes	*Infrastructure - Electricity*	*Transmission & Reticulation*			4,500		7,000	3,000	10,000		
Water		Bulk Water supply Colesberg WTW	W1.3	c	Yes	*Infrastructure - Water*	*Water purification*	*31 21' 00"E - 24 56" 00"*		24,750	1,500	10,691	10,948	11,332		
Water		Abstraction Orange river	WB1.3	c	Yes	*Infrastructure - Water*	*Water purification*			13,875						
Sanitation		Upgrading of Ww TW Colesberg	W1		Yes	*Infrastructure - Sanitation*	*Sewerage purification*			–						
Water		Noupoort Bulk Water supply Upgrade	wb1.4	c	Yes	*Infrastructure - Water*	*Water purification*			19,242	32,100	36,872	11,000	–		
Water		Upgrading of Bulk Water Supply Norvalspont	WB 1.3.4	1	Yes	*Infrastructure - Water*	*Water purification*									
Roads		Stormwater drainage	RS1	a	Yes	*Infrastructure - Road transport*	*Storm water*			1,000						
Roads Noupoort		Roads Network	RS3	a	Yes	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*			3,500	1,641	1,000	–	–		
Roads		Ring Road Kuyasa	PW 1.1	2	Yes	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*				5,000					
Solar Geyser Project		Electricity	el	f	Yes	*Other*	*Other*									
Bulk Water to be specified		Bulk Water		c	Yes	*Infrastructure - Water*	*Dams & Reservoirs*									
Community services		Building of a new community hall: Masizakhe				*Community*	*Community halls*	*CF.3.1.2*		198	5,000					
Sanitation		Vacuum Truck	SPPE1.1		Yes	*Infrastructure - Sanitation*	*General vehicles*									
Public Roads		Compactor	PWPPE1.2		Yes	*Other Assets*	*Plant & equipment*									
Housing		100 Houses Noupoort	H2		Yes	*Other*	*Other*									
Finance		Municipal Financial System	F1 IT1		Yes	*Intangibles*	*Computers - software & programming*				100	1,550				
Parent Capital expenditure	1									**69,665**	**46,841**	**57,113**	**26,948**	**22,832**		
Entities:																
List all capital projects grouped by Entity																
Entity A																
Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure										–	–	–	–	–		
Total Capital expenditure										**69,665**	**46,841**	**57,113**	**26,948**	**22,832**		

Table 46 MBRR SA37 - Projects delayed from previous financial year

None

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme
   The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office
   The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee
   An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan
   The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in May 2014 directly aligned and informed by the 2015/2016 MTREF.

6. Annual Report
   Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training
   The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

8. Policies
   An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.1.4 Other supporting documents

NC072 Umsobomvu - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		4,146	4,735	4,861	5,152	8,364	8,364	8,364	8,364	8,866	9,398
less Revenue Foregone				115	122	247	247	247	247	262	278
Net Property Rates		**4,146**	**4,735**	**4,746**	**5,031**	**8,117**	**8,117**	**8,117**	**8,117**	**8,604**	**9,120**
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		16,680	20,205	25,758	27,753	27,860	27,860	27,860	31,258	33,530	35,662
less Revenue Foregone											
Net Service charges - electricity revenue		**16,680**	**20,205**	**25,758**	**27,753**	**27,860**	**27,860**	**27,860**	**31,258**	**33,530**	**35,662**
Service charges - water revenue	6										
Total Service charges - water revenue		**8,117**	**9,686**	**9,180**	**9,931**	**12,385**	**12,385**	**12,385**	**13,549**	**14,403**	**15,267**
less Revenue Foregone											
Net Service charges - water revenue		**8,117**	**9,686**	**9,180**	**9,931**	**12,385**	**12,385**	**12,385**	**13,549**	**14,403**	**15,267**
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		**5,506**	**6,143**	**6,935**	**7,418**	**7,792**	**7,792**	**7,792**	**8,524**	**9,035**	**9,577**
less Revenue Foregone											
Net Service charges - sanitation revenue		**5,506**	**6,143**	**6,935**	**7,418**	**7,792**	**7,792**	**7,792**	**8,524**	**9,035**	**9,577**
Service charges - refuse revenue	6										
Total refuse removal revenue		4,478	4,934	5,422	5,726	5,975	5,975	5,975	6,537	6,929	7,344
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		**4,478**	**4,934**	**5,422**	**5,726**	**5,975**	**5,975**	**5,975**	**6,537**	**6,929**	**7,344**
Other Revenue by source											
		6,948	10,067	4,289	4,190	4,285	4,285	4,285	4,291	4,695	4,701
Total 'Other' Revenue	31	**6,948**	**10,067**	**4,289**	**4,190**	**4,285**	**4,285**	**4,285**	**4,291**	**4,695**	**4,701**

EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	20,243	21,286	22,539	25,968	25,952	25,952	25,952	30,211	33,978	37,069
Pension and UIF Contributions		2,934	3,036	4,117	4,492	4,088	4,088	4,088	4,770	5,197	5,662
Medical Aid Contributions		481	511	752	758	828	828	828	847	926	1,012
Overtime		753	1,226	999	1,060	1,217	1,217	1,217	1,050	1,139	1,236
Performance Bonus		–	–	–	–	–	–	–			
Motor Vehicle Allowance		572	724	362	401	556	556	556	513	549	589
Cellphone Allowance		–		–	–	–	–	–			
Housing Allowances		48	45	10	11	12	12	12	13	14	15
Other benefits and allowances		406	571	445	474	537	537	537	577	629	684
Payments in lieu of leave		1,432	1,387	5,045	5,552	5,552	5,552	5,552	2,307	2,579	2,811
Long service awards		–		–		–	–	–			
Post-retirement benefit obligations	4	339	1,356	341	341	341	341	341	341	341	341
sub-total	5	**27,209**	**30,143**	**34,610**	**39,057**	**39,084**	**39,084**	**39,084**	**40,628**	**45,351**	**49,420**
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	**27,209**	**30,143**	**34,610**	**39,057**	**39,084**	**39,084**	**39,084**	**40,628**	**45,351**	**49,420**
Contributions recognised - capital											
Depreciation of Property, Plant & Equipment			28,037								
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE											
Total Contributions recognised - capital		**–**	**28,037**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		28,039	28,037	27,588	23,834	23,834	23,834	23,834	23,844	23,847	23,851
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	**28,039**	**28,037**	**27,588**	**23,834**	**23,834**	**23,834**	**23,834**	**23,844**	**23,847**	**23,851**
Bulk purchases											
Electricity Bulk Purchases		13,845	15,538	17,310	18,360	18,360	18,360	18,360	20,974	22,652	24,465
Water Bulk Purchases		255	218		310	310	310	310	310	310	310
Total bulk purchases	1	**14,101**	**15,756**	**17,310**	**18,670**	**18,670**	**18,670**	**18,670**	**21,284**	**22,962**	**24,775**
Transfers and grants											
Cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Total transfers and grants	1	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Contracted services											
ALLOCATIONS TO ORGANS OF STATE											
IT SERVICES		3,590	2,485	672	4,562						
JOB CREATION											
LEGAL SERVICES											
METER READING											
PRE-PAID VENDING MANAGEMENT											
PROFESSIONAL FEES											
SECURITY SERVICES											
SEWERAGE PURIFICATION											
WATER PURIFICATION											
OTHER CONTRACTED SERVICES											
sub-total	1	**3,590**	**2,485**	**672**	**4,562**	**–**	**–**	**–**	**–**	**–**	**–**
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		**3,590**	**2,485**	**672**	**4,562**	**–**	**–**	**–**	**–**	**–**	**–**
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions											
Consultant fees											
Audit fees											
General expenses	3										
Other Expenditure By Type		27,035	42,439	40,843	31,426	40,421	40,421	40,421	40,683	38,283	39,694

Other Expenditure By Type									
Collection costs	–	–		50	50	50	50	50	50
Contributions to 'other' provisions	–	–		–					
Consultant fees	2,303				3,420	3,420			
Audit fees	1,637	2,003	1,700	1,728	2,000	2,000			
General expenses									
Repairs and Maintenance	2,303	2,418	2,727	2,226	2,167	2,167			
Advertising	35	95	183	127	140	140			
Bank charges	191	238	234	254	254	254			
Branding of the Municipality			1,084						
Chemicals and Poison	260	302	297	355	215	215			
Cleaning	47	55	25	36	41	41			
Consumer Debtors			2,887						
Entertainment	30	97	58	27	27	27			
Fuel and Oil	774	952	1,177	823	1,095	1,095			
IDP Review			167						
INDIGENT SUPPORT	6,552	6,626	5,949	8,239	8,000	8,000			
Insurance	578	687	842	1,128	1,193	1,193			
Lease Charges	216	177	252	411	325	325			
Local Economic Development			540						
Legal Cost	432	99	612	285	285	285			
Library	–	346	500	715	557	557			
Licences	42	55	64	23	28	28			
Material	113	79	67	92	76	76			
Membership Fees	141	202	406	434	460	460			
Other general expenses	2,143	3,864	19,192	6,856	6,856	6,856			
Postage and Telegrams	164	135	160	153	272	272			
Printing and Stationery	227	194	189	147	145	145			
Project - Bulk Water Learnership	–	–		–	60	60			
Project - Non Capital	831	4,831		2,590	3,410	3,410			
Project - Solar Geyzer	–	59		–	5,600	5,600			
Special Programs		564		607	1,601	1,601			
Subscriptions	–	–		18	–	–			
Subsistence and Travelling	929	1,300	1,512	1,350	1,202	1,202			
Telephone Cost	752	776	627	648	648	648			
Town Planing	–	4	1	80	80	80			
Traffic	–	3,670	610	0	250	250			
Training Cost	34	75	98	70	317	317			
Uniforms and Protective Clothing	51	45	76	59	71	71			
Ward Committee			204						
Youth Development	116	(2,914)		–					
							31,093	31,633	30,812
Total 'Other' Expenditure	**20,902**	**27,035**	**42,439**	**29,530**	**40,843**	**40,843**	**31,143**	**31,683**	**30,862**

Repairs and Maintenance									
Employee related costs									
Other materials									
Contracted Services									
Other Expenditure	2,395	2,408	2,108	2,226	2,167	2,167	2,469	2,551	2,551
Total Repairs and Maintenance Expenditure	2,395	2,408	2,108	2,226	2,167	2,167	2,469	2,551	2,551

NC072 Umsobomvu - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - EXECUTIVE & COUNCIL	Vote 2 - FINANCE & ADMIN	Vote 3 - COMMUNITY SERVICES	Vote 4 - TECHNICAL SERVICES	Vote 5 - [NAME OF VOTE 5]	Vote 6 - [NAME OF VOTE 6]	Vote 7 - [NAME OF VOTE 7]	Vote 8 - [NAME OF VOTE 8]	Vote 9 - [NAME OF VOTE 9]	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates			8,117														8,117
Property rates - penalties & collection charges			179														179
Service charges - electricity revenue					31,258												31,258
Service charges - water revenue					13,549												13,549
Service charges - sanitation revenue					8,524												8,524
Service charges - refuse revenue					6,537												6,537
Service charges - other																	–
Rental of facilities and equipment				1,075	27												1,103
Interest earned - external investments			422														422
Interest earned - outstanding debtors			30		1,813												1,843
Dividends received																	–
Fines				2,501	20												2,521
Licences and permits			4	753													757
Agency services																	–
Other revenue			4,158	93	40												4,291
Transfers recognised - operational		34,931	2,740	1,685	563												39,919
Gains on disposal of PPE																	–
Total Revenue (excluding capital transfers and cont		**34,931**	**15,649**	**6,107**	**62,331**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**119,018**
Expenditure By Type																	
Employee related costs		3,495	7,991	13,637	15,504												40,628
Remuneration of councillors		3,092															3,092
Debt impairment		4	647	2	4,805												5,458
Depreciation & asset impairment		351	470	58	22,964												23,844
Finance charges					310												310
Bulk purchases					21,284												21,284
Other materials																	–
Contracted services																	–
Transfers and grants																	–
Other expenditure		13,629	11,162	5,235	10,657												40,683
Loss on disposal of PPE					1												1
Total Expenditure		**20,571**	**20,270**	**18,933**	**75,526**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**135,300**
Surplus/(Deficit)		**14,360**	**(4,621)**	**(12,826)**	**(13,195)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(16,282)**
Transfers recognised - capital																	–
Contributions recognised - capital																	–
Contributed assets																	–
Surplus/(Deficit) after capital transfers & contributions		**14,360**	**(4,621)**	**(12,826)**	**(13,195)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(16,282)**

Table 47 MBRR Table SA3 – Supporting detail to Statement of Financial Position

NC072 Umsobomvu - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS											
Call investment deposits											
Call deposits < 90 days				9,507	6,000	6,000	6,000	6,000	6,000	6,000	4,000
Other current investments > 90 days											
Total Call investment deposits	2	**–**	**–**	**9,507**	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**	**6,000**	**4,000**
Consumer debtors											
Consumer debtors		49,908	27,168	69,801	62,829	68,067	68,067	68,067	67,789	72,749	75,000
Less: Provision for debt impairment		(25,617)		(32,744)	(33,854)	(39,092)	(39,092)	(39,092)	(39,092)	(44,657)	(47,000)
Total Consumer debtors	2	**24,291**	**27,168**	**37,057**	**28,975**	**28,975**	**28,975**	**28,975**	**28,697**	**28,092**	**28,000**
Debt impairment provision											
Balance at the beginning of the year				23,305	33,854	33,854	33,854	33,854	39,092	44,657	50,572
Contributions to the provision				9,439	5,238	5,238	5,238	5,238	5,565	5,915	6,100
Bad debts written off						–	–	–			
Balance at end of year		**–**	**–**	**32,744**	**39,092**	**39,092**	**39,092**	**39,092**	**44,657**	**50,572**	**56,672**
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		816,463	480,928	944,854	1,000,457	1,000,457	1,000,457	1,000,457	1,047,935	1,079,935	1,090,000
Leases recognised as PPE	3				28,933	28,933	28,933	28,933			
Less: Accumulated depreciation		350,450		442,558	429,772	429,772	429,772	429,772	453,618	477,467	480,000
Total Property, plant and equipment (PPE)	2	**466,013**	**480,928**	**502,295**	**599,618**	**599,618**	**599,618**	**599,618**	**594,317**	**602,468**	**610,000**
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		252	864	933	800	800	800	800	800	800	800
Total Current liabilities - Borrowing		**252**	**864**	**933**	**800**	**800**	**800**	**800**	**800**	**800**	**800**
Trade and other payables											
Trade and other creditors		12,873	18,110	18,279							
Unspent conditional transfers		29,359	24,002	11,165							
VAT		605		1,213							
Total Trade and other payables	2	**42,838**	**42,112**	**30,657**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Non current liabilities - Borrowing											
Borrowing	4	295	3,699	3,300	3,585	3,585	3,585	3,585	2,857	2,057	1,257
Finance leases (including PPP asset element)				–		–	–	–			
Total Non current liabilities - Borrowing		**295**	**3,699**	**3,300**	**3,585**	**3,585**	**3,585**	**3,585**	**2,857**	**2,057**	**1,257**
Provisions - non-current											
Retirement benefits		6,981		11,592							
List other major provision items											
Long-Term Service		1,051									
Rehabilitation Of Land-Fill Sites		12,098	27,553	11,317	33,308	33,308	33,308	33,308	19,596	14,420	10,000
Total Provisions - non-current		**20,129**	**27,553**	**22,909**	**33,308**	**33,308**	**33,308**	**33,308**	**19,596**	**14,420**	**10,000**
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance				465,874	581,743	581,743	581,743	581,743	634,683	648,205	655,211
GRAP adjustments											
Restated balance		–	–	465,874	581,743	581,743	581,743	581,743	634,683	648,205	655,211
Surplus/(Deficit)		24,754	46,388	36,137	18,363	29,404	29,404	29,404	39,281	12,399	6,605
Appropriations to Reserves		–			28,266	28,266	28,266	28,266	(28,933)		
Transfers from Reserves		–				–	–	–			
Depreciation offsets		433,615	458,051		(4,730)	(4,730)	(4,730)	(4,730)	(369)		
Other adjustments		–			28,349	28,349	28,349		3,543	(5,392)	
Accumulated Surplus/(Deficit)	1	**458,368**	**504,439**	**502,011**	**651,991**	**663,032**	**663,032**	**634,683**	**648,205**	**655,211**	**661,816**
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL COMMUNITY WEALTH/EQUITY	2	**458,368**	**504,439**	**502,011**	**651,991**	**663,032**	**663,032**	**634,683**	**648,205**	**655,211**	**661,816**

Total capital expenditure includes expenditure on nationally significant priorities:

Provision of basic services										

Table 48 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

NC072 Umsobomvu - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population						28	28	28	28	28	28	28
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment												
Monthly household income (no. of households)	1, 12											
No income						2,290	2,290	2,290	1,058	1,058	1,058	1,058
R1 - R1 600						1,860	1,860	1,860	2,498	2,498	2,498	2,498
R1 601 - R3 200						139	139	139	1,700	1,700	1,700	1,700
R3 201 - R6 400						168	168	168	1,133	1,133	1,133	1,133
R6 401 - R12 800						110	110	110	769	769	769	769
R12 801 - R25 600						90	90	90	420	420	420	420
R25 601 - R51 200						31	31	31	180	180	180	180
R52 201 - R102 400						11	11	11	49	49	49	49
R102 401 - R204 800						9	9	9	13	13	13	13
R204 801 - R409 600									20	20	20	20
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13					4151.00	4151.00	4151.00	3556.00	3556.00	3556.00	3556.00
Insert description	2											
Household/demographics (000)												
Number of people in municipal area						23,636	23,636	23,636	23,636	23,636	23,636	23,636
Number of poor people in municipal area						10,347	10,347	10,347	10,347	10,347	10,347	10,347
Number of households in municipal area						6	6	6	6	6	6	6
Number of poor households in municipal area						3	3	3	3	3	3	3
Definition of poor household (R per month)						1,800	1,800	1,800	1,800	1,800	1,800	1,800
Housing statistics	3											
Formal							4,723	4,973	4,973	4,973	4,973	4,973
Informal						840	840	590	590	590	590	590
Total number of households			-	-	-	840	5,563	5,563	5,563	5,563	5,563	5,563
Dwellings provided by municipality	4											
Dwellings provided by province/s							1,000	250	250	250	250	250
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	1,000	250	250	250	250	250
Economic	6											
Inflation/inflation outlook (CPIX)							10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Interest rate - borrowing							3.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Interest rate - investment							6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Remuneration increases							-2.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Consumption growth (electricity)							5.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Consumption growth (water)								7.0%	7.0%	7.0%	7.0%	7.0%
Collection rates	7											
Property tax/service charges						90.0%	87.0%	87.0%	87.0%	87.0%	87.0%	87.0%
Rental of facilities & equipment						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors						20.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Revenue from agency services												

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	2,976	4,399	4,799	5,049	5,049	5,049	5,299	5,299	5,299
		Piped water inside yard (but not in dwelling)	2,804	3,104	3,104	3,404	3,404	3,404	3,404	3,404	3,404
	8	Using public tap (at least min.service level)	227	270	270	270	270	270	270	270	270
	10	Other water supply (at least min.service level)			–						
		Minimum Service Level and Above sub-total	6,007	7,773	8,173	8,723	8,723	8,723	8,973	8,973	8,973
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	**6,007**	**7,773**	**8,173**	**8,723**	**8,723**	**8,723**	**8,973**	**8,973**	**8,973**
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	3,976	7,049	7,449	7,699	7,699	7,699	7,949	7,949	7,949
		Flush toilet (with septic tank)	112	112	112	112	112	112	112	112	112
		Chemical toilet			–						
		Pit toilet (ventilated)	612	612	612	612	612	612	612	612	612
		Other toilet provisions (> min.service level)			–						
		Minimum Service Level and Above sub-total	4,700	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
		Bucket toilet	1,169	43	43	43	43	43	43	43	43
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total	1,169	43	43	43	43	43	43	43	43
		Total number of households	**5,869**	**7,816**	**8,216**	**8,466**	**8,466**	**8,466**	**8,716**	**8,716**	**8,716**
		Energy:									
		Electricity (at least min.service level)	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822
		Electricity - prepaid (min.service level)	3,042	4,951	5,351	5,601	5,601	5,601	5,851	5,851	5,851
		Minimum Service Level and Above sub-total	5,864	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	**5,864**	**7,773**	**8,173**	**8,423**	**8,423**	**8,423**	**8,673**	**8,673**	**8,673**
		Refuse:									
		Removed at least once a week	5,857	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
		Minimum Service Level and Above sub-total	5,857	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	**5,857**	**7,773**	**8,173**	**8,423**	**8,423**	**8,423**	**8,673**	**8,673**	**8,673**

Municipal in-house services	Ref.		2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	2,976	4,399	4,799	5,049	5,049	5,049	5,299	5,299	5,299
		Piped water inside yard (but not in dwelling)	2,804	3,104	3,104	3,404	3,404	3,404	3,404	3,404	3,404
	8	Using public tap (at least min.service level)	227	270	270	270	270	270	270	270	270
	10	Other water supply (at least min.service level)									
		Minimum Service Level and Above sub-total	6,007	7,773	8,173	8,723	8,723	8,723	8,973	8,973	8,973
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	**6,007**	**7,773**	**8,173**	**8,723**	**8,723**	**8,723**	**8,973**	**8,973**	**8,973**
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	3,976	7,049	7,449	7,699	7,699	7,699	7,949	7,949	7,949
		Flush toilet (with septic tank)	112	112	112	112	112	112	112	112	112
		Chemical toilet			–						
		Pit toilet (ventilated)	612	612	612	612	612	612	612	612	612
		Other toilet provisions (> min.service level)			–						
		Minimum Service Level and Above sub-total	4,700	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
		Bucket toilet	1,169	43							
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total	1,169	43	–	–	–	–	–	–	–
		Total number of households	**5,869**	**7,816**	**8,173**	**8,423**	**8,423**	**8,423**	**8,673**	**8,673**	**8,673**
		Energy:									
		Electricity (at least min.service level)	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822	2,822
		Electricity - prepaid (min.service level)	3,042	4,951	5,351	5,601	5,601	5,601	5,851	5,851	5,851
		Minimum Service Level and Above sub-total	5,864	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	**5,864**	**7,773**	**8,173**	**8,423**	**8,423**	**8,423**	**8,673**	**8,673**	**8,673**
		Refuse:									
		Removed at least once a week	5,857	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
		Minimum Service Level and Above sub-total	5,857	7,773	8,173	8,423	8,423	8,423	8,673	8,673	8,673
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	**5,857**	**7,773**	**8,173**	**8,423**	**8,423**	**8,423**	**8,673**	**8,673**	**8,673**

Table 49 MBRR SA32 – List of external mechanisms

None

2.14 Municipal manager's quality certificate

I, AMOS CHINA MPELA, municipal manager of Umsobomvu Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name AMOS CHINA MPELA

Municipal manager of Umsobomvu Municipality (NC072

Signature

Date 31/3/2015